



International approaches to solving the ‘free rider’ problem in industrial relations

Jim Stanford

Economist and Director, Centre for Future Work, Canberra and Vancouver

Introduction: union activity as a ‘public good’

A union is an inherently collective undertaking. The goal of organising a union, and then commencing collective bargaining, is to offset the inherent imbalance in economic power that exists between individual workers and their employers. Workers need their jobs to support themselves and their families. Employers, in general, do not need any specific individual worker (other than those with a unique and nonreproducible attribute) with the same urgency as each worker needs to retain their job. This gives employers a powerful advantage in negotiating the terms of employment, when that process occurs on an individual basis. In individualised bargaining, the cost of disagreement to employers is that the particular worker they are negotiating with might quit, if they are dissatisfied with the employer’s offer. Collective bargaining allows workers to jointly impose a more significant cost of disagreement on employers: namely, the risk they could simultaneously lose access to the labour of most or all workers, not just any one individual. That allows a more balanced negotiation, and improved outcomes for workers. Collective representation has other benefits, including enhancing the capacity of workers to express a regular and secure ‘voice’ in workplace dealings, with corresponding benefits for job satisfaction, retention, and productivity.¹

Moreover, there is strong evidence that the beneficial effects of collective representation and bargaining are experienced not only by union members, but spill over to other workers and the broader labour market and macroeconomy. Where unions are stronger, incomes are higher for non-union workers (as well as union members). This is true within individual workplaces: non-union employees benefit from the presence of a strong union and a good union contract. The presence of the union restrains management’s unilateral power, and sets a standard which employers are likely to match in their dealings with non-union workers (if for no other reason than to reduce the incentive for unionisation). The spillover benefits of unions are also experienced across broader society. Wages are higher and more equal. The reduction in inequality associated with strong trade unions underpins other economic benefits: including stronger consumer spending, greater financial stability for households, and reduced call on income support programs and social benefits. Unions also shape broader economic and social policies: taxes are higher and more equitably distributed in countries with stronger unions, social programs

are stronger, health and well-being outcomes are superior, and democratic participation is higher.² In short, when workers have an organised voice and collective influence, it serves as a countervailing force that balances the concentrated influence of businesses and their owners in all economic and social decision-making – not just in workplaces.

In this regard, unions perform a ‘public good’ function. Their ability to offset the unilateral power of employers leads to higher wages, better working conditions, and superior macroeconomic and social outcomes – benefits which are shared well beyond the community of union members. This poses a fundamental challenge to efforts to organise unions and attain those gains. The benefits of union power are shared broadly. But what about the costs of organising unions, and undertaking their various activities? As independent, non-governmental, non-profit organisations, unions need resources to support their activity. How can those resources be accessed in a viable and sustainable manner, thus allowing unions to fulfil their potential?

Membership dues are an obvious source of revenue to support the activity of unions, but whether those dues are sufficient to sustain optimal or even adequate union activity depends on the legal and institutional context within which union services are delivered. If union representation was a purely private transaction, with service delivered only to those who pay for it, then individual members (‘consumers,’ in this view) could decide for themselves if those services justified the payment of dues.³ But if the benefits provided by unions cannot be individualised and privatised,⁴ then this transactional vision of union activity breaks down. The provision of any public good inherently encounters what economists have termed the ‘free rider problem.’ If the benefits of the public good are shared universally, in ways that cannot (or should not) be limited solely to those who directly pay for it, then others can enjoy their provision without contributing financially (free riders). And if production of the public good is not then supported by resources obtained through alternative channels (other than individual voluntary payments), the good or service will not be sustainably produced in adequate quantity. In extreme cases, the production of the public good becomes unviable and ceases entirely.⁵

Industrial relations systems around the world have approached this free rider problem in various ways. This commentary reviews the nature of the free rider problem in collective bargaining, considers its dimensions in international perspective highlighting Australia’s unique experience with industrial relations free riding, and then catalogues six broad approaches adopted in various jurisdictions to solving the problem and sustaining viable trade unions and collective bargaining. The key conclusion of this analysis is worrisome: in any system (such as Australia and parts of the U.S.) where paying for collective bargaining through union dues (or alternate payments, like bargaining fees) is defined as an individual and voluntary act, and where mandatory union security structures are prohibited, union representation and collective bargaining will tend to sink over time towards very minimal levels. The resulting disappearance of effective collective bargaining deprives these jurisdictions of the economic and social benefits that viable collective representation can produce. While debates over individuals’ ‘freedom’ to not

join unions or pay for collective bargaining will continue,⁶ any jurisdiction that wishes to retain a healthy collective bargaining system must develop and implement some effective method to sustainably finance the operation of that system.

Paying for public goods

Even conventional free-market economists acknowledge that the production of public goods constitutes a case of market failure, necessitating government intervention to ensure their viable and optimal supply. A pure public good is a product or service which can be consumed by everyone in society (that is, its use is 'non-rivalrous' and 'non-excludable'), not just by individuals who choose to privately purchase them. Examples of pure public goods include public infrastructure, public safety and security, free-to-air broadcasting, national defence, and environmental quality. Other products and services are 'near' public goods, in the sense that private market transactions do not support their provision with adequate quantity, quality, or accessibility – thus necessitating public intervention. Examples of near-public-goods include some forms of transportation, education, health care, and the arts. Economists accept that if left to an unregulated and competitive market, public goods will not be provided (at least not in optimal quantities), and social welfare will be harmed accordingly. Since access to a public good cannot be limited to paying customers, some will choose (if allowed) to access it without paying for it. In some cases, an altruistic or communitarian commitment to paying one's 'fair share' may overcome that selfish motivation,⁷ but this voluntary sense of fairness is unlikely to sustain adequate public goods provision in the long run. Without a mechanism to require those who benefit from a public good to pay a commensurate amount towards its provision, production of the public good will decline or collapse – and society will be worse off, as a perverse result of the seemingly rational individual decisions which produced this outcome.⁸ Because of this market failure, interventions such as government, taxes, active measures to extend property rights, or other legal or fiscal mechanisms are required to ensure that adequate resources are allocated to support the continued production of public goods.

In essence, to adequately pay for the provision of valuable public goods, some non-market mechanism (generally rooted in a collective decision-making process) must be activated, so that the public good can be funded by the entire population which benefits from its provision. The most common example of this principle at work is the power of governments to tax and provide public services. Most members of society accept that government must have the authority to mandate tax payments from everyone – not just those willing to voluntarily pay them (perhaps out of a sense of civic duty). Then, governments are held accountable (in a democracy, at least) for related decisions: including the level, incidence, and allocation of tax revenues. If taxes were made voluntary, based solely on individual choice, many members of society would choose not to pay, yet would still collect the benefits of public goods that the government delivers. This logic is clear and powerful, and very few people in society (apart from radical libertarians) believe individuals should have the personal choice whether to pay their taxes.

Measures to confront and prevent free riding are commonly applied throughout the private sector, too. Property rights are an obvious means of requiring people who consume or benefit from a product or service, to pay a fair share towards its provision.

Any business which tried to provide a service without the legal power to collect payment from those who consume it (relying instead on voluntary decisions by individuals to pay) would generally go bankrupt in short order. To empower businesses to protect the revenue base for their output, governments take measures – in some cases extraordinary and far-reaching – to delineate and enforce private property rights, even over products that are intangible and difficult to define. Consider, for example, increasingly stringent rules regarding copyright of various digital products, life forms, pharmaceuticals, and other products which are difficult to delineate or even intangible.⁹ Governments use increasingly intrusive and punitive measures to force those who benefit from these products to pay the private firms which produced them.

Furthermore, there are many examples from business where the decision to fund a public good is not left to each individual, but instead is made at a collective level, with the resulting decisions enforced on all individuals within the relevant community. A corporation, for example, is an institutional structure that facilitates collective investments and decision-making by a group of owners. When an individual buys a share in a corporation, they lose their 'individual freedom' to decide what parts of the corporation's activity they want to financially support, and what parts they don't. No shareholder can demand their 'money back,' perhaps to offset specific expenses they do not personally support (such as a particular investment project, or excessive CEO compensation). Instead, these decisions are made by majority among shareholders (or by the company's elected directors), and then are binding on all shareholders. Shareholders who reject those decisions can 'exit' the collective undertaking (by selling their shares), but they cannot opt out of paying certain costs without giving up the benefits of ownership at the same time. The same mechanism of enforced collective democratic accountability applies to organisations like the strata corporations which manage shared residential buildings. No single unit-holder in a collectively-governed strata residence can choose to withhold their monthly fees, or refuse to pay for specific parts of the building's shared facilities (such as a non-leaky roof or a lovely fountain in the front yard). Obviously, giving individual unit-holders the right to opt-out of regular maintenance costs associated with the building they co-inhabit, while still enjoying the benefits of collective amenities and structural integrity, would render those entities unviable.

Unions and free riding

Free-rider problems exist in many aspects of modern economic life. Society has developed powerful, enforceable, and far-reaching methods to address free riding, and allow collective institutions (like corporations and strata) to function. But where trade unions are concerned, these common and legitimate practices become deeply contested and ideological. Opponents of unions invoke 'free choice' to argue that no worker should be compelled to join a union, or even contribute to the costs of union activities which benefit them (such as collective bargaining and representation). Practices which once limited free riding (such as closed shops, union preference in hiring, or mandated dues check-off) are portrayed as violations of personal freedom.

Unions derive their power to improve the lives of their members, and other workers, from their collective strength. It is not ultimately an *individual* choice to use a union to improve wages, conditions, and security – because no individual, by definition, can

undertake collective bargaining on their own. The effectiveness of unions requires a capacity for workers to organise, make collective decisions, and exert collective power. So subjecting trade unionism and collective bargaining to the constraint of individual choices, given the positive spill-overs which unions generate for both members and non-members, inherently undermines the prospects of unionism. This is precisely why union opponents selectively invoke the rhetoric of personal choice to attack the organisational and financial base of unions – even as strong and enforceable collective decision-making powers for corporations and other private entities are accepted as normal and legitimate.

If society desires the benefits that come with strong trade unions and collective bargaining, it must establish mechanisms to support and resource them. No modern economy has attained strong unions and collective bargaining without stable institutional and financial supports for those activities; unions are not generally viable on the basis solely of voluntary contributions from supportive individuals. Strong and stable collective bargaining systems need legitimacy and resources, commensurate with the broad social and economic benefits they provide.

A surprisingly wide variety of strategies and structures have been applied in various countries at different times to address the free rider problem inherent in collective bargaining, and build stable and viable collective bargaining systems. One obvious strategy is to implement measures that directly prevent free riding in workplaces – at the ‘point of production’ of union activity. These measures (such as closed shop arrangements, agency arrangements like Canada’s Rand Formula, bargaining fees, and others) constitute a category of ‘union security’ policies. Their goal (like rules governing corporate governance or the operation of residential strata) is to allow collectively beneficial choices to be made and enforced, without being undermined by free riding:

Union security provisions were the ingenious contractual solution to this collective action problem: requiring everyone to support the collective representative prevents the individually rational decision to free-ride, thus promoting the economically optimal collective action. (Fisk 2019, pp. 336-337)

Union security measures are not the only strategy for addressing free riding and ensuring adequate resources are available to support sustainable collective bargaining. Other approaches which tolerate free riding but find other channels for resourcing collective bargaining are possible, as well, and are also considered below.

The dismantling of union security in Australia

As in other countries, the struggle for union recognition and union security was a core priority for Australia’s union movement from its earliest days. Early unionists understood well that to fulfil their mission to lift the living standards of their members and all workers, the right of unions to exist, and to viably undertake the full range of union activities, had to be cemented in law and in day-to-day practice. Indeed, some

of the earliest union confrontations (with both employers and governments) were focused on the need to establish a sustainable legal and financial foundation for union activity:

The series of great strikes, indeed the substance of the capital-labour debate in the 1890s, was not so much concerned with wages and conditions of employment, as with recognition and the role of the union and its rules in the system of industrial regulation. (Macintyre and Mitchell 1989, 16, cited by O'Neill 2002).

Through the establishment and growth of a highly interventionist system of industrial relations, centred around the original Awards system, Australian unions were able to achieve a favourable institutional environment in which union membership thrived. Various practices supported high levels of union membership within this regulated, protected regime. Strict closed-shop arrangements were used only intermittently, in different states (and prohibited at times in others). More common was a system of union preference, by which employers were obliged to give preference to union members (or those willing to join the union) in hiring, promotion, and staff retention decisions. These provisions could be enforced by statute (through an Award), through a collective agreement, or informally (typically backed up by the threat of industrial action). Union membership was further buttressed by dues check-off arrangements in payroll systems, which were widespread and did not require individual authorisation of deductions.

On the strength of these measures, and operating in the context of a broader industrial relations system in which unions played a central and accepted role, union membership grew to cover over 60% of employed workers by the post-war decades (from the 1950s through the early 1980s). Free riding still occurred: almost all waged workers were covered by collectively-negotiated instruments of one kind or another (whether Awards, which unions then participated in negotiating, or above-Award collective agreements), and many of those covered workers were not union members. But unions were able to access sufficient resources to support their strong and active role in industrial relations. This stable and protected system of industry-wide bargaining (again, manifest in both the Awards and in above-Award agreements) was conducive to high and stable union membership. During this period, unions possessed a strong 'social license': their role was recognised and supported throughout most of society, regardless of which political party formed government. But their power and actions were reinforced by a broad and stable system of institutional and financial supports for union membership and activity.

The turn to neoliberal labour market policy in Australia, beginning in the 1980s,¹⁰ featured a major emphasis on restraining and reducing union power. And a key part of that strategy was to weaken or prohibit protections and supports for union membership. After the introduction of the enterprise-based bargaining system in the early 1990s (under a Labour government), subsequent Coalition governments tightened restrictions on membership-supporting practices and systems – through legislation such as the Workplace Relations Act in 1996, and the Workplace Relations Amendment (Prohibition of Compulsory Union Fees) Bill of 2002. Even before then, the closed shop had been prohibited as a 'permissible matter' in the Award system, but was still tolerated within collective agreements in most states. In 1996 it was outlawed entirely. Other union security practices (like union preference) were also incrementally curtailed, abolished or

prohibited.¹¹ Some unions responded to the prohibition of union preference by negotiating bargaining fee arrangements (surveyed by Orr 2001), whereby union-negotiated enterprise agreements (ratified by covered workers) could contain provisions requiring non-union members to pay towards the maintenance of those agreements (through fees equal to or less than regular union dues). But those measures were then also prohibited through subsequent Coalition legislation. Critically, restrictions on union security wrought by Coalition governments were not reversed under subsequent Labour governments. The Fair Work Act regime implemented under Labour in 2009 retained the structure of individualised union membership and prohibitions on compulsory membership or payments. A proposal to allow bargaining fees was abandoned by Labour, in the face of virulent hostility from employers and the conservative media.

Today in Australia there are few legal or institutional supports for union membership. Closed shops, union preference, agency or bargaining fees, and compulsory payroll deductions¹² are all banned. Unions are tolerated, and provided certain legal space to conduct their activities (although that space is constrained and closely policed). The right of individual workers to join a union if they choose is largely protected. But the logic and motivation for doing so has been drastically undermined: both through restrictions on the activity and power of unions, and through the legal protection of unlimited free riding.

Most of the gains attained by Australian unions (through enterprise bargaining, health and safety advocacy, efforts to strengthen the Awards system, and other broader economic and social activism) also benefit non-members. Indeed, under the Fair Work Act the provisions of an approved enterprise agreement must apply to all members of the identified bargaining unit, whether they are union members or not. Enlightened workers understand that the logic of collective action and solidarity requires them to contribute to the cost of these organisations that advance their interests; unions encourage this sense of collective responsibility among members and potential members with education campaigns and membership drives. But this culture of shared collective solidarity is difficult to maintain. The union movement in Australia will continue to campaign energetically and creatively to recruit individual members, build a sense of shared mission, and demonstrate the value of union membership. But in the absence of any legal or institutional support for resourcing this collective endeavour, and given fully-protected free-riding, this recruitment and retention effort will be an uphill struggle.

It is little wonder, then, that union membership has trended steadily downward in Australia in the wake of these attacks on union security (and parallel attacks on union activity and legitimacy). Density has fallen from over 60% in the early 1980s (among the highest of any industrial country at the time) to 14% in 2020 – now ranking Australia among the least-unionised industrial countries. Indeed, the decline in union density in Australia over the past decade (down 5 percentage points since 2011) has been the largest of any OECD economy.¹³ Along with other restrictions on union activity (including limits on right of entry, access to employment and payroll data, and industrial action), this has hamstrung the capacity of Australian unions to fulfil their mission. Predictably, as union power has been undermined, wages and working conditions have deteriorated as well: Australia's recent performance on wage growth, inequality, and productivity growth also rank among the worst in the industrial world.¹⁴

Dimensions of free riding in industrial countries

This section considers international data on comparisons between union membership and collective agreement coverage, in order to estimate the prevalence and effects of free riding in various jurisdictions. In some countries, collective agreement coverage is closely tied to the presence and membership of unions. This is especially evident in most Anglo-Saxon countries (including those with majoritarian bargaining systems, in which a majority of workers in a particular workplace or bargaining unit must first approve the union's confirmation as formal bargaining agent, and then collective bargaining takes place). In these systems, the potential for sustainable free riding is limited, even where (as in much of the U.S.) free riding is legally protected. Since collective bargaining requires the certification of a union on a majority basis, bargaining does not generally exist without a strong initial union presence. There is thus little difference between union membership and collective bargaining coverage.¹⁵

In other countries, a separation between union membership and collective bargaining coverage is visible. This is due to industrial relations systems that allow greater scope for bargaining across broader populations (such as on an industry-wide or occupational basis). This opens the potential for free riding, since workers can be covered by those broader agreements (and perhaps also access other union benefits) without joining. Whether this imbalance between union membership and collective bargaining coverage is sustainable, depends on the institutional context. In the absence of alternative processes for funding collective bargaining (other than union membership dues) the end result would likely be an erosion in the viability and extent of collective bargaining. But if unions are provided with other channels and resources to establish and sustain collective bargaining, then an ongoing gap between membership and coverage (with corresponding free riding) may be viable.

Figure 1 illustrates levels of union membership in OECD countries as of 2018. With density around 14%, Australia now ranks among the least-unionised OECD countries (a sharp contrast to its once-highly-unionised history). New Zealand ranks slightly higher, with density of 19% in 2018.¹⁶ The Nordic countries have the highest union density among the industrial countries (ranging from 50% for Norway to 90% for Iceland). Several continental European countries, Canada, and the UK have union density between 20% and 40%. Countries with even lower union density than New Zealand and Australia include the US, France, Japan, and several Eastern European countries.

Figure 2 then illustrates OECD data on the coverage of collective agreements (in 2017 or most recent data available) in each country. The OECD data for Australia indicate extensive collective agreement coverage, at an estimated 60% of the workforce. Compared to 14% union density, that would imply a high degree of free riding: 46% of the workforce is purportedly covered by a collective agreement, but not a member of a union. Put differently, this implies that each union member is 'carrying' 3 non-members,

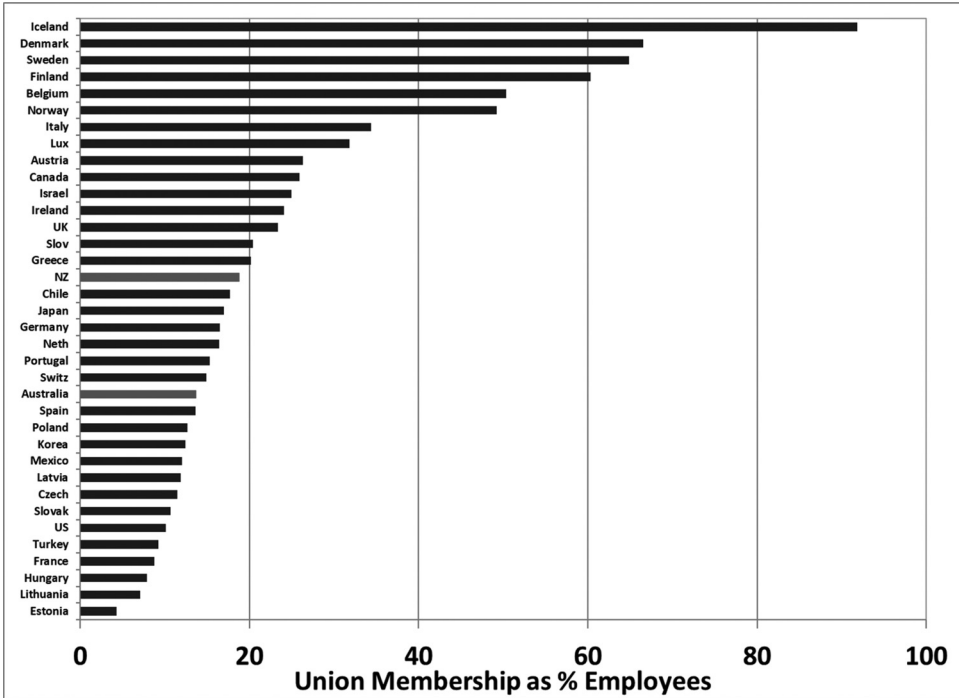


Figure 1. Trade union density, OECD countries, 2018. Source: OECD Labour Market Statistics.

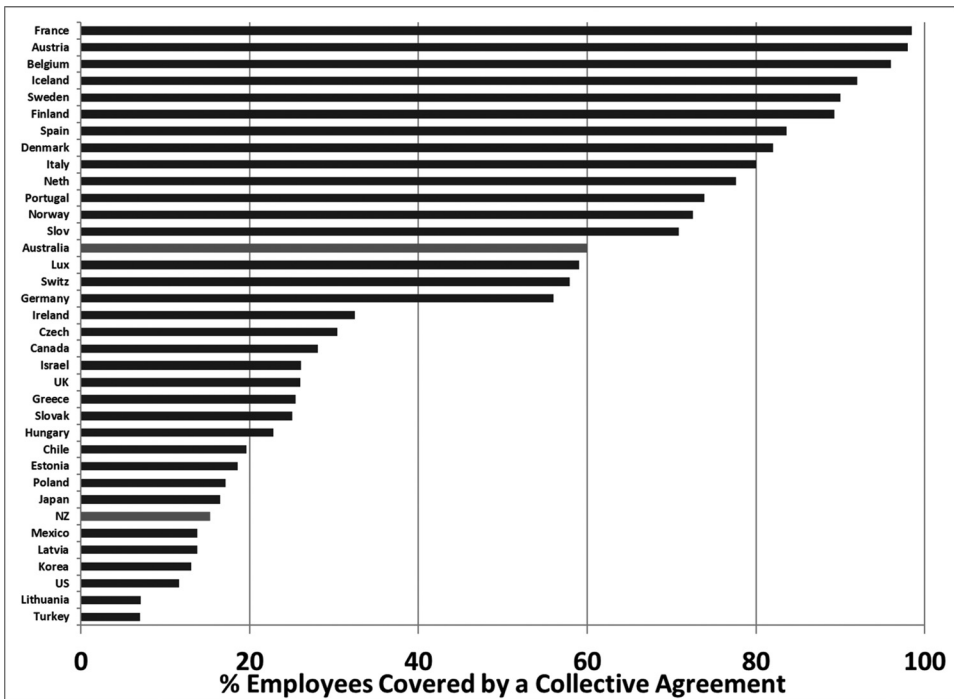


Figure 2. Collective agreement coverage, OECD countries, 2017 or latest. Source: OECD (2019), Figure 2.11.

to support a collective bargaining system that covers 4 times as many workers as are in unions. But this OECD estimate of collective bargaining coverage in Australia is skewed upward, for two important reasons:

- The OECD data interpret Australia's Modern Awards as a form of collective agreement. This categorisation is an artefact of previous incarnations of the Awards system, in which unions were indeed parties to their negotiation and arbitration. That is no longer the case, however, under the Modern Awards system which has prevailed since 2009. Today unions make submissions to the tribunal overseeing the awards, but the resulting arrangements are not negotiated: they are set unilaterally by the Fair Work Commission. Modern Awards are better understood as detailed regulations specifying sector-specific minimum standards for pay and conditions. Nevertheless, unions play an important role in shaping and strengthening those instruments, and their efforts allow other workers to also benefit from improved Awards terms and conditions – and this can be interpreted as a form of free riding.
- The OECD data also include workers covered by enterprise agreements which have expired. In Australia, a collective agreement still retains force (over wage levels, workplace practices, and other matters) even if it has expired – until it is either replaced by a new agreement, or formally terminated. However, the extent to which workers are protected by an expired enterprise agreement is limited. While expired agreements have some important effects, they do not generally provide for wage increases or other normal contractual adjustments.

For both these reasons, then, the OECD data overstate the genuine scope of the collective bargaining system in modern Australia, and hence overstate the extent of free riding. If we exclude the Modern Awards, and consider only enterprise agreements which are current (i.e. not expired), then both collective agreement coverage and free riding are less prevalent.¹⁷

Countries with higher collective agreement coverage include those with very high union density: the Nordic countries, Belcanadagium, and Italy, among others. But there is another group of continental European countries with relatively modest or even low union density, but high coverage. This group includes France, which has the highest reported collective agreement coverage (98% according to the OECD), despite having among the lowest union density. Other European countries have also achieved much higher collective agreement coverage than union membership: Austria, Spain, Netherlands, Portugal, and Slovenia. These countries sustain strong collective bargaining regimes on the strength of institutional arrangements and protections that do not depend on dues collected from union members. Examples of these arrangements are discussed further below.

Meanwhile, in some OECD countries collective bargaining coverage is tied very closely to union density. This group includes most Anglo-Saxon economies other than Australia: such as Canada, New Zealand, the UK, and the US. In these countries, there are few workers covered by collective bargaining, who are not also members of their union. By this measure, free riding is relatively rare – but for varying reasons. In the US, legally protected free riding in many states starkly reduces the chances for unions to be formed; thus both union density and agreement coverage are very low. In Canada, a form of

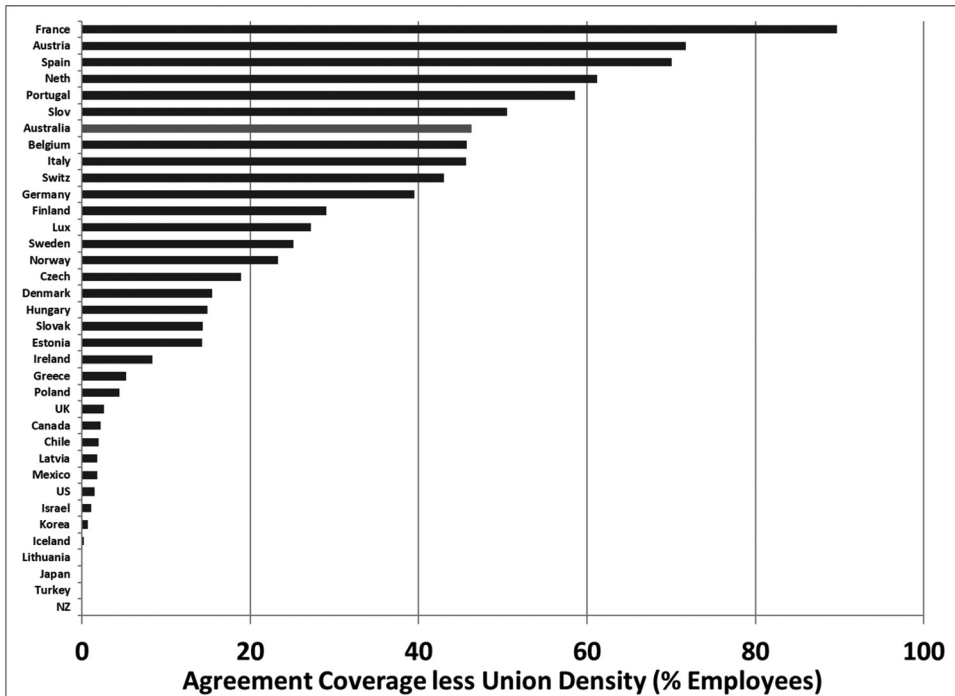


Figure 3. Apparent free riding, OECD countries. Source: Author's calculations from Organization for Economic Cooperation and Development (2019) and Labour Market Statistics.

agency fee (called the 'Rand Formula') compels most workers covered by a union contract to contribute to its negotiation and maintenance; this prevents free riding and supports higher levels of both membership and coverage. According to the OECD data,¹⁸ New Zealand demonstrates a *negative* level of free riding, whereby collective agreement coverage is *lower* than union membership: in other words, some workers belong to a union but are not covered by a collective agreement.¹⁹ These workers likely join unions out of a sense of occupational identity, solidaristic loyalty, or to attain access to other benefits and services (such as representation for individual grievances).

Figure 3 illustrates the difference between union density (depicted in Figure 1) and collective agreement coverage (Figure 2). We interpret this difference as an approximate measure of the incidence of free riding. Several European countries have extraordinary levels of apparent free riding – chief among them France, where some 90% of the workforce are covered by collective agreements but do not belong to unions. Other countries with very extensive free riding include Austria, Spain, Netherlands, Portugal, and Germany. Obviously these arrangements are dependent on institutions which support collective bargaining without requiring union membership (and union dues) to fund the collective bargaining process. We discuss the varying forms of those arrangements below.

By this measure, as noted, Australia also experiences a high degree of apparent free riding. That conclusion must be nuanced, as mentioned above, due to the OECD's misleading estimate of collective agreement coverage in Australia. A narrower conception of collective agreement coverage would include only those workers covered by

Table 1. Free riding in Australia, 2012 and 2020 (*percent of employees*).

	2012	2020
Union Membership	18.4%	14.3%
Agreement Coverage (current agreements only)		
Federal Registered	26.4%	19.3%
State & Other	10.0%	7.4% ^a
Total	36.4%	26.7%
Apparent Free Riding	17.9%	12.4%

Source: Author's calculations from Attorney General's Dept. (2021), ABS (2014, 2020, 2021).

^a2018 (latest data).

negotiated agreements (not Awards) which are in effect (not expired). Table 1 provides more detail on union membership and collective agreement coverage in Australia in recent years. For 2020, we estimate that 26.7% of employees are covered by a current negotiated agreement – less than half the OECD's estimate of agreement coverage (around 60%, as illustrated in Figure 2). This measure of coverage has declined by about 10 percentage points since 2012. The decline in collective agreement coverage over this period has been faster than the decline in union density – falling more than twice as much in that period. The decline in coverage has been concentrated in private sector workplaces. The number of workers covered by current agreements in the private sector has fallen by about one-third since 2012, and at present just 12% of private sector employees are covered by a current collective agreement.²⁰ Coverage has been stable in the public sector. According to this analysis, then, the incidence of apparent free riding has diminished since 2012: the gap between coverage and union membership has narrowed by about one-third (to around 12% of employees by 2020).²¹

The recent rapid decline in agreement coverage, outpacing the decline in union membership, suggests that collective bargaining in Australia has reached a crisis point, particularly in the private sector.²² Lacking members and resources, and facing an unremittingly hostile political and legal environment, many unions have simply been unable to maintain and renew existing enterprise agreements, let alone organise new workplaces and negotiate new agreements. Thus the stock of current agreements has contracted: the number of federally-registered agreements in effect has fallen 60% over the last decade, with less than 10,000 active federally registered agreements still current by end-2020. For some years after the initial abolition of union preference and other forms of union security, a certain institutional and cultural inertia sustained trade union membership and activity. That was reinforced by the legacy of the Awards (which were once actively negotiated, but no longer), and the stabilising effect of enterprise agreements which stayed nominally in force even after their expiry. However, that inertia no longer seems sufficient to sustain viable union activity and collective bargaining, especially in private sector settings (where employer opposition to unions and collective bargaining is more intense). Free riders can no longer ride the coattails of a collective bargaining system which they never contributed to – and now which can no longer deliver the same benefits of collective agreement coverage they once enjoyed for free. This is manifested as a decline in free riding, but for a reason that is discouraging: namely, a steady erosion in collective bargaining, and the benefits it could deliver for all workers.

Australia's trajectory of declining union membership and even more rapidly declining coverage indicates a convergence with the US industrial relations system, in which union membership is very low, and collective bargaining coverage is limited to that shrinking share of workers who are able to defend their unions. Indeed, a close parallel to Australia's prohibitive approach to union security exists in the 27 'right-to-work' states of the U.S., which also prohibit collective union security arrangements (like closed shops, agency shops, or bargaining fees).²³ Average union density in those states was just 6% in 2020.²⁴ In the other U.S. jurisdictions (23 states plus the District of Columbia), where traditional union security practices (as allowed under the original Wagner Act of 1935) are permitted, union density is more than twice as high (15% in 2020). There, workers in a designated bargaining unit can vote by majority to ratify a collective agreement under which all workers covered must pay towards its maintenance (either union dues or an agency fee). Wages are significantly lower in right-to-work states (even after adjusting for occupational and sectoral composition), and the impacts of weak unionism on broader social and political conditions are striking (manifested in inferior health, education, and social services).²⁵ Given the continuing decline in Australian union density, it is not clear what will stop this ongoing convergence with the U.S. right-to-work model, given the similarity in legal contexts. In both Australia and the right-to-work states, therefore, prohibitions on union security and the absence of alternative methods to fund collective bargaining create a situation in which free riding is fully protected, but increasingly rare: when collective bargaining becomes unviable, there is nothing to free ride on.

International responses to free riding

Different countries have applied different remedies to the free rider problem in collective bargaining. In cases where traditional union security provisions (like closed shop or agency shop arrangements) are prohibited, other mechanisms are needed to ensure that a functioning and sustainable industrial relations system is possible. There is tremendous diversity in international practice regarding these institutional supports for the viability of collective bargaining. What all these systems have in common is a recognition that viable collective bargaining requires either strong interventions to prevent free riding, or else other forms of institutional and financial support. In the absence of either of these supportive frameworks, the public goods produced by unions (lifting wages and working conditions for all workers, and serving as a countervailing force to the concentrated power of employers) will be forfeited.

The diverse methods which are visible in modern industrial economies for regulating free riding, and/or allocating resources through alternative channels to fund collective bargaining and representation, can be grouped into six broad categories:

1. Limiting access to union benefits to members only

In a free-market context, the preferred response to free riding is to extend and strengthen property rights, so that a product or service is available only to those who choose to contribute towards its cost of production. There have been some efforts to apply this strategy to collective bargaining and collective representation. In some countries

(including New Zealand), it is legal to limit access to specific provisions of collective agreements negotiated by unions, to apply only to members of that union. And unions in many countries offer special member-only services (ranging from individual representation in workplace disputes, to consumer benefits such as discounts for group insurance or other commercial services) as a way of incentivising union membership. There is little evidence that these initiatives have had strong impacts on union membership (as reviewed by Peetz 2005). And the strategy of limiting negotiated wage and benefit gains only to union members is likely to damage solidarity between workers in a workplace – which is a powerful asset in building union power. Moreover, employers can easily frustrate the intended incentive effect for union membership, by voluntarily offering the same wages and benefits to non-union workers. Even if workers understand that they are receiving those improvements only thanks to the union, they may still choose to free ride when the opportunity is presented.

A novel application of this ‘members only’ strategy for addressing free riding is being contemplated as part of New Zealand’s new Fair Pay Agreements system.²⁶ Those multi-employer agreements will cover both union members and non-members across designated sectors or occupations. The proposed system allows negotiated FPAs to require preferential payments (on top of specified wage increases) to those workers covered by the FPA, who are also members of the union that helped to negotiate it.²⁷ The rationale is that this compensates those employees for their contributions (via union dues) to the structures which were necessary for the FPA to come into being. That is held to create a ‘level playing field’ between members and non-members.

2. Closed shops/union shops/agency shops

Variations of this traditional approach to union security exist in parts of the U.S., Canada, the UK, Japan, and several developing countries (including India). Where a majority of workers in a designated bargaining unit (a workplace, company, or occupation) vote to support union representation, and the union is then certified and negotiates a collective agreement, then all workers in the bargaining unit covered by that contract can be required to contribute to the costs of running the union, negotiating and enforcing the collective agreement, and related expenses. In a closed shop, only union members can be hired once this practice has been established. In a union shop, workers must join the union when they start. In an agency shop, workers do not have to join the union (thus preserving their personal freedom of non-association), but must pay union dues to reflect the benefits they received from collective representation and a collective agreement.²⁸

This system provides a strong and stable organisational and financial base for the union. Unions do not need to allocate major resources to recruiting individual members and soliciting their fees; they can concentrate their organising efforts on unionising new workplaces. The system is rooted in an initial majority vote by workers to set up the arrangement (and workers can vote to disband the union, if and when it is not meeting their needs), and hence has democratic legitimacy. On the other hand, some critics argue that unions relying on this stable and supportive system may become too comfortable and lose touch with the concerns of rank-and-file members.

3. Bargaining or 'fair share' fees

In some jurisdictions, workers in a workplace or bargaining unit covered by a collective agreement do not have to formally join the union or pay full union dues, but they are required to pay *something* towards the cost of maintaining the collective agreement coverage which they benefit from. This system is used in some U.S. workplaces (primarily in the public sector), New Zealand,²⁹ the Philippines, and South Africa, among others. Bargaining fees are typically set at some portion of regular union dues (commonly 75% percent of full regular dues); labour laws usually prohibit bargaining fees from being set higher than union dues. Individual workers can choose to join the union and pay full dues. That decision would presumably reflect a level of personal support for the union, possibly including its broader social and political activities; it may also reflect a desire to become active in union governance and decision-making. Those who do not support the union can choose instead to pay the lower amount, justified as reflecting the specific incremental costs of direct workplace activity by the union (including negotiating the contract, enforcing it, representing concerns in the workplace, and handling grievances). This closes off the possibility for free riding.

This system provides many of the benefits to unions of closed shop or agency shop arrangements. Bargaining fees provide the union with most of the income they would attain from regular membership dues, and establish a clear link in the minds of workers between the existence of the union and their access to workplace benefits like a collective agreement and representation. However, this may promote an unduly 'transactional' culture of unionism. And unions still need to allocate resources to convincing individual workers to become full members of the union. Finally, divisions may exist within workplaces between full members and those who pay the lower bargaining fee.

4. Direct public subsidies for collective bargaining

A common method of financing public goods and avoiding free rider problems in the broader economy is direct fiscal support from government. The perverse incentive for individual consumers to evade payment for a useful public good is eliminated, when public goods are financed through tax revenues that are compulsory for all. Some countries have applied this same logic to collective bargaining: since it generates benefits which are shared throughout workplaces and the broader economy, it is held that collective bargaining should be directly supported with government revenues. In France, for example, any union which shows it has a certain level of support from workers in an enterprise-level election (the threshold is usually 10%) receives resources from the state to support its bargaining and representation activities. This system is further supported by a statutory requirement that all firms above a certain size must negotiate collective agreements with one or more unions. These measures explain how France maintains the seemingly counter-intuitive combination of near-universal collective agreement coverage with very low union density. In Brazil, a special payroll tax is collected to cover the costs of representation and collective bargaining; the resulting revenues are distributed to unions according to membership, presence in key industries, and other

factors. Workers must still individually choose to become full members of unions, but dues are relatively modest – since they do not have to cover the direct costs of bargaining and workplace representation.

New Zealand's new system of Fair Pay Agreements³⁰ will also feature the provision of modest public resources to support the process of negotiating and administering these new collective agreements, which will apply to both union members and non-members across designated sectors or occupations. The New Zealand government will pay up to \$75,000 to both sides involved in FPA negotiations (the relevant union or unions, and the employer association) to offset costs associated with the process (Wood 2021, 10–11).

The provision of public subsidies for collective bargaining recognises that it serves an essential, constructive function in a healthy labour market, which justifies public support for the institutions and processes involved. Subsidies allow unions to focus on bargaining and other activities (rather than fund-raising), and amplifies their presence and power beyond what membership numbers would otherwise imply. Unless the system of subsidies is strongly entrenched in institutions and political culture, however, it could be withdrawn by a subsequent hostile government.

5. Works councils: mandated representation at employers' expense

In several European countries (including Germany, Austria, Switzerland, Italy, and France), every enterprise above a certain size (typically 50 workers) must establish a works council, whereby workers elect delegates to represent them over a range of workplace-specific issues. Works councils focus on issues at each specific workplace, and do not negotiate over wages or broader economic and industry issues.³¹ Works councils are permissible (but not required) in smaller firms, as well. The costs of maintaining works councils (including lost work time for elected workplace delegates) are covered by the employer, as a normal business expense. Works councils are not directly tied to unions, but in practice union activists are usually able to win control of works councils – thanks to their visibility and credibility among the employees. In Germany, works councils are integrated with the broader co-determination system, whereby workers in medium and larger firms elect a proportion (as much as 50% less one for large firms) of each company's board of directors. The European Works Council directive from the EU has expanded this model to apply to companies with operations in more than one EU country.

In most countries with works councils, sector-wide collective bargaining also occurs over wage and other core economic issues; in these negotiations workers are represented by unions (not works council delegates). Works councils do not directly negotiate on these broader economic matters (which are generally set at an industry or sectoral level). But the existence of structures of worker representation within most firms, and the ability of unions to influence and mobilise those councils in support of their bargaining activities at the sectoral level, ensures that the works councils indirectly reinforce union power in those broader bargaining processes.

Under the works council system, democratic workplace representation is seen as a normal, required feature of work life – like an extension of basic democratic principles into the realm of workplaces. These stable, employer-funded structures of representation give unions a natural base; but unions do not need to fund the costs of these activities (including paid worker delegates) at the workplace level. The presence of strong unions

also enhances the works councils' capacity to attract, train, and mobilise delegates; if unions were not present, the works councils would be less effective. Unions still need to convince workers to (voluntarily and individually) join their unions, to maintain a strong union presence in industry-wide bargaining, and broader political and policy debates.

Works councils thus represent only a partial solution to the free rider problem, and unions in most countries with works councils have still experienced erosion of membership and power in recent years (although not as severely as Australia). Moreover, the practice will seem unusual in the business culture of Australia, New Zealand, and other Anglo-Saxon economies; at least at first, directors and managers would strongly resist the intrusion of worker participation and input to management decisions and prerogatives.³²

6. Union role in social program delivery

A final and unique system of union membership exists in the Nordic countries and Belgium, known as the Ghent system (after the Belgian city where it first emerged in the early 1900s).³³ In this model, unions deliver and manage key social insurance programs (such as accident and illness insurance; unemployment insurance; and some retirement and pension benefits). They are allowed to offer preferential service and benefit levels to union members, and this provides a strong incentive for workers to join the relevant union. The resulting institutional strength then allows the unions to have a forceful presence in wage bargaining, workplace representation, and other matters – all the more so given the tradition of economy-wide tripartism also common in these countries.

The Ghent system underpins the highest levels of union density in the world: ranging between 50 and 90%. There is a natural connection between unions' concern with broad social security, and their direct management of social insurance schemes. The system gives unions a high profile and strong social licence, as well as helping to underpin a strong union infrastructure which also supports collective bargaining activities. As Lansbury (2021) explains, however, even under this system unions have experienced downward pressure on membership. Conservative governments have tried to weaken incentives for union membership embedded in social program delivery (by fostering private competition to union-run programs, and/or restricting the size of union advantages allowed in these programs). The 'transactional' nature of the membership bargain in this system (whereby workers join the union to achieve advantages in access to social programs) might also reduce the awareness and militancy which unions hope to build.

Conclusion

The preceding catalogue illustrates the diversity of international efforts to reduce free riding and preserve the viability of collective bargaining systems. These approaches utilise different policy levers, and enlist differing narratives regarding the functions and social legitimacy of unions. They have in common, however, a shared goal: to ensure that collective representation and bargaining is a legitimate, constructive, and sustainable feature of the labour market – and to underpin that system with sufficient resources to allow it to function to its full potential. Given the collective nature of the process, and the broader spillover benefits which are shared beyond the community of union members,

this necessitates processes that incentivise or compel workers to make a contribution to the operation of the system that benefits them. That contribution can be facilitated in various ways: through union dues, through bargaining fees, through taxes, through social program contributions, or even paid by employers. One way or another, though, the public good function of unions must be matched with a system of collective resource allocation to sustain the viability of the whole system. Where free riding is legally protected, and where no alternative methods of supporting collective bargaining and its participants exist, both union membership and collective bargaining coverage seem destined to decline to very minimal levels.

It is noteworthy that *not one* of these six potential solutions to free riding is in effect in Australia. Most are explicitly prohibited (including traditional union security measures like closed shops, agency shops, or bargaining fees, as well as contract provisions which exclude non-members from coverage). Others (like direct public subsidies to collective bargaining) might be 'legal' but seem outside the bounds of current political discourse. Even U.S. unions have access to some of those remedies (including closed shops and bargaining fees in about half of states). With union security policies prohibited, and no alternative channels in place to support collective bargaining, Australia thus possesses one of the most hostile and repressive industrial relations regimes of any industrial democracy. And recent trends – evidenced by the precipitous decline in private sector collective bargaining – suggest that Australia is heading steadily towards a future in which neither unions nor collective bargaining have much labour market presence. In that negative context, free riding will be fully protected, but rare – because there will be little to free ride on.

It will require a sea change in Australian political discourse and industrial relations practice to achieve measures which address free riding, and reconstitute collective bargaining on a more viable and sustainable footing. Years of legal restriction and ideological vilification have produced strong anti-union sentiment in some segments of society. Proposals to implement any of the preceding solutions to free riding will be harshly criticised by employers, conservative politicians, and much of the mass media. Winning change in this area will require, first and foremost, an ambitious and sustained campaign to strengthen unions' social licence: that is, to enhance public understanding and support for what unions do, including appreciation for how unions lift wages and standards for all workers. Once a broader base of public understanding and support has been built, specific legislative and regulatory responses to free riding can be advanced with more chance of success. Most promising are those measures which would adapt one or more of the preceding approaches to fit with Australia's unique history, politics, and culture. We can imagine strategies for limiting free riding, and supporting the viability of collective bargaining, that extend institutions and practices that Australians are already familiar with (rather than hoping for the wholesale importation of complete industrial relations systems from other jurisdictions). Australian unionists and policy-makers should learn from the experiences of those jurisdictions. But the ultimate solution to free riding in Australia will have to reflect Australian features and history.

In fact, several existing Australian practices and institutions provide potential starting points for policies that would curtail free riding and reinforce the viability of collective bargaining. These could include:

- *Including union security in enterprise bargaining.* Existing enterprise agreements involve negotiating agreements³⁴ that are then ratified by a majority of workers covered by them. By extending the allowable scope of those agreements to include agency shop or bargaining fee arrangements, as well as giving unions the power and freedom to bargain effectively for those provisions (presumably backed by freedom to undertake industrial action), free riding could be controlled and the incentive for union membership restored. This will first require these union security provisions to be restored as permissible matters in enterprise bargaining. It will then require unions to be able to wield enough bargaining power to win those provisions in future enterprise agreements – or else to push governments to compel union security as a normal feature of enterprise agreements.
- *Sectoral or occupational bargaining.* There is growing recognition in Australia of the limits of enterprise-based bargaining to improve wages and conditions, especially in private industries characterised by fragmented ownership and rapid turnover.³⁵ Measures to allow bargaining at a broader sectoral or occupational level would strengthen unions' ability to establish higher, uniform standards that apply across multiple employers. This could be paired with mechanisms to financially support bargaining at a broader sectoral or occupational level: either through agency shop or bargaining fee provisions in those agreements, or else through the direct provision of financial support to facilitate bargaining activity (as envisioned in New Zealand's new Fair Pay Agreement system).
- *Modern Awards.* Unions no longer directly negotiate Australia's industry-wide Awards. But they are active in advocating for improved Award standards. At present the Awards function as a minimum safety net for wages and conditions, rather than a tool for leading improvements over time – but that limited mandate could be enhanced within a more ambitious mandate. The Awards' legacy as a tool of industry-wide negotiation and arbitration could be resuscitated, with unions reinstated as full partners in their negotiation and implementation. That expanded role would need to be supported with appropriate institutional and financial supports allowing unions to perform those functions. Again, the implementation of Fair Pay Agreements in New Zealand sets a modern precedent for the implementation of new sector-wide bargaining structures, that could reinforce the push for a more active and participatory Awards system in Australia.
- *The superannuation system.* Industry superannuation funds were originally intended as a broad tripartite pension system, with unions participating as full partners in the organisation and administration of super. Here, too, unions' role has been watered down by decades of attacks from hostile governments: establishing privately-owned competitors to industry supers (and permitting self-managed super accounts), and vilifying and restricting unions' role in fund governance. If those political attacks on industry superannuation funds can be rebuffed, and the super system's legacy as a tool of social and industrial policy (rather than just a 'financial product') reaffirmed, it would be possible to imagine a bigger role for unions. Unions could then

potentially leverage that bigger role in efforts to build membership and bargaining power, by integrating superannuation accumulation with industry development, membership recruitment, and bargaining strategies. This could constitute a uniquely Australian analogue to Nordic strategies for connecting social provision with union organisation (under the Ghent system).

In all of these ways, and perhaps more, it is possible to conceive of revitalised union security policies that would address the free rider problem currently undermining collective bargaining, but in ways that build on existing features of Australia's industrial relations landscape. All of these ideas would be fiercely resisted, of course, by the same alliance of forces (employers, Coalition political leaders, and a fiercely partisan commercial media) that have succeeded in dramatically weakening collective bargaining in Australia. Rolling back the power of that alliance, and re-establishing a legal regime in which collective representation and bargaining is feasible and financially sustainable, will require a historic effort by Australian unionists. The union movement needs to reaffirm the social licence of union activity, enhance popular understanding of the public benefits which unions deliver, and then mobilise that support into demanding and winning a new approach.

Notes

1. The classic statement on the economic benefits of voice is Freeman and Medoff (1984); see Stanford and Poon (2021) for a modern treatment.
2. See Onaran et al. (2015), Peetz (2019, Ch. 7), and Stanford and Poon (2021, Part II) for surveys of the broader economic and democratic benefits of trade union activity.
3. Opponents of unions explain the erosion of union membership on grounds that unions are not delivering 'good value' for their dues, and hence members are abandoning them.
4. In other words, if the benefits of union representation cannot be made 'excludable', accessible only to those who pay for them.
5. See for Olson (1965) for the classic statement of free rider problems in public goods provision, and Stiglitz and Rosengard (2015, Part 2) for modern treatments.
6. Although it is worth noting that an individual commitment to 'individual choice' has not prevented the establishment and broad legitimacy of binding mechanisms to solve free-rider problems in other contexts, such as corporate governance or the management of shared residential buildings (as discussed below).
7. The cultural and ideological commitment to supporting a union through payment of dues, even though one is not legally required to do so, is important in maintaining union membership even in jurisdictions (like Australia) with unlimited free riding.
8. From a narrow cost-benefit perspective, it is irrational for an individual to pay something voluntarily towards a good or service which they can access without paying.
9. In many cases a strong argument can be made that these goods are best provided through public provision rather than stronger private property rights. Pharmaceutical research and production, for example, could be conducted more efficiently through direct public funding rather than private monopolies over resulting intangible intellectual property (Baker 2008).
10. For a broad overview of the neoliberal shift in industrial relations and labour policy in Australia, see Stanford (2018).
11. The evolution of laws regarding union security and membership supports is reviewed by Weeks (1995), O'Neill (2002) and Stewart et al. (2016, Part 6).
12. Union dues can be deducted at payroll only with an individual member's written authorisation.
13. Author's calculations from OECD Labour Market Statistics.

14. For analysis of Australia's weak wage performance in international context, see Stewart et al. (2018).
15. Australia is an exception to this Anglo-Saxon pattern, as discussed below.
16. Rosenberg (2021) in this edition of *Labour and Industry* reviews the impact of successive restrictive labour legislation on unions and union membership in New Zealand since the 1980s.
17. A more realistic estimate of free riding in Australia is provided below.
18. New data from the Household Labour Force Survey in New Zealand indicates that union membership and collective agreement coverage may be higher and more similar than indicated in the OECD dataset.
19. This phenomenon occurs in Australia, as well.
20. Pennington (2018) explores the dynamics and consequences of the decline in private-sector collective bargaining in Australia.
21. The estimate of free riding presented in Table 1 is approximate. Two other factors affecting the incidence of free riding are also relevant. First, a proportion of the 14.3% of employees in unions are not covered by an enterprise agreement. Second, a small share of enterprise agreements in Australia are negotiated without union participation (for an overview of Australia's unusual non-union bargaining arrangements, see McCrystal and Bray 2021). The former would suggest a slightly higher incidence of free riding than indicated in Table 1; the latter, a slightly lower (since non-union workers covered by a non-union agreement are not directly free riding on the services of a union). The two effects are thus offsetting, and their joint effect on the estimates presented in Table 1 is likely small.
22. It also represents a reversal of a trend towards increased free riding noted by Peetz (2005): he found that the proportion of all employees covered by a union collective agreement but without being members of that union had increased from 2000 through 2004. This was due to a period of time (in the first decade after the prohibition of most union security measures) when collective agreement coverage was increasing, even as union membership was falling. Eventually, as union density continued to shrink, unions' ability to sustain collective bargaining began to diminish, and collective agreement coverage began to fall – converging back towards the (still falling) union density rate.
23. These restrictions now also apply in federal government workplaces in the wake of the U.S. Supreme Court's historic 2018 decision on *Janus v. AFSCME*.
24. Author's calculations from Bureau of Labor Statistics (2021).
25. See Gould and Kimbell (2015) for a summary of economic and social comparisons between right-to-work and other U.S. states.
26. Described in the first issue of this symposium by Kent (2021).
27. See Wood (2021), 11.
28. In some Canadian provinces, workers who hold a moral or religious objection to paying union dues can contribute an equivalent amount to a recognised charity.
29. In New Zealand a bargaining fee can be negotiated to collect money from non-union workers whose individual contract provisions mirror those of a collective agreement which also applies in the workplace.
30. Discussed in the first half of this symposium by Kent (2021).
31. Haipeter (2021) discusses recent developments in the works council system in Germany in the first issue of this symposium.
32. Forsyth (2006) discusses the prospects and challenges of transplanting European works councils and codetermination practices to the Australian setting.
33. See Dimmick (2019) and Lansbury (2021, in the first issue of this symposium), for more on the history, current status, and impacts on union membership of these practices.
34. Except for Australia's unusual non-union enterprise agreements – which are not negotiated, but rather determined unilaterally by employers and then put to ratification by some group or sub-group of affected workers.

35. For more discussion of the need for sectoral bargaining in Australia, and possible policy frameworks for implementing it, see Roberts (2021) and Kennedy et al. (2021), in this symposium.

Acknowledgments

The author thanks, without implication, Anthony Forsyth, Alison Pennington, Craig Renney, and Bill Rosenberg for helpful comments.

Disclosure statement

No potential conflict of interest was reported by the author(s).

Notes on contributor

Jim Stanford is Economist and Director of the Centre for Future Work, based in Canberra, Australia, and Vancouver, Canada. He is Harold Innis Industry Professor of Economics at McMaster University and Honorary Professor of Political-Economy at the University of Sydney.

References

- Attorney-General's Department, Government of Australia. 2021. *Historical Trends Data: Current by Quarter*. Canberra: Attorney-General's Department. <https://www.ag.gov.au/industrial-relations/publications/historical-trends-data-current-quarter>
- Australian Bureau of Statistics. (2014). "Employee Earnings, Benefits and Trade Union Membership, Australia, August 2013." Canberra. <https://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/6310.0August%202013?OpenDocument>
- Australian Bureau of Statistics. (2020). "Characteristics of Employment, Australia, August 2020." Canberra. <https://www.abs.gov.au/statistics/labour/earnings-and-work-hours/characteristics-employment-australia/latest-release#data-download>
- Australian Bureau of Statistics. (2021). "Labour Force, Australia, Detailed, July 2021." Canberra. <https://www.abs.gov.au/statistics/labour/employment-and-unemployment/labour-force-australia-detailed/latest-release#industry-occupation-and-sector>
- Baker, D. 2008. "The Benefits and Savings of Publicly-Funded Clinical Trials of Prescription Drugs." *International Journal of Health Services* 38 (4): 731–750. doi:10.2190/HS.38.4.i.
- Bureau of Labor Statistics. 2021. *Union Members Summary*. Washington: Department of Labor. <https://www.bls.gov/news.release/union2.nr0.htm>
- Dimmick, M. 2019. "Union Membership and the Ghent System." In *Cambridge Handbook of U.S. Labor Law for the Twenty-First Century*, edited by R. Bales and C. Garden, 351–360. Cambridge: Cambridge University Press.
- Fisk, C. 2019. "Union Security for the Twenty-First Century." In *Cambridge Handbook of U.S. Labor Law for the Twenty-First Century*, edited by R. Bales and C. Garden, 336–350. Cambridge: Cambridge University Press.
- Forsyth, A. 2006. "The Transplantability Debate Revisited: Can European Social Partnership Be Exported to Australia?" *Comparative Labor Law and Policy Journal* 27 (3): 305–356.
- Freeman, R. B., and J. L. Medoff. 1984. *What Do Unions Do?* New York: Basic Books.
- Gould, E., and W. Kimbell. 2015. *"Right-to-work" States Still Have Lower Wages*. Washington: Economic Policy Institute.
- Haipeter, T. 2021. "Between Industry and Establishment: Recent Developments in German Collective Bargaining and Codetermination." *Labour and Industry* 1–13. this number doi:10.1080/10301763.2021.1901333.

- Kennedy, T., B. Redford, R. Burns, and A. Forsyth. 2021. "Developing a Sectoral Bargaining Model for Australia." *Labour and Industry*, this number.
- Kent, A. 2021. "New Zealand's Fair Pay Agreements: A New Direction in Sectoral and Occupational Bargaining." *Labour and Industry* 1–20. doi:10.1080/10301763.2021.1910899.
- Lansbury, R. D. 2021. "The Ghent System of Social Insurance: A Model for Australia?" *Labour and Industry* 1–8. this number. doi:10.1080/10301763.2021.1953223.
- Macintyre, S., and R. Mitchell, eds. 1989. *Foundations of Arbitration: The Origins and Effects of State Compulsory Arbitration, 1890-1914*. Melbourne: Oxford University Press.
- McCrystal, S., and Bray. 2021. "Non-Union Agreement-Making in Australia in Comparative and Historical Context." *Comparative Labour Law and Policy Journal* 41 (3): 753–788.
- O'Neill, S. 2002. *Bills Digest: Workplace Relations Amendment (Prohibition of Compulsory Union Fees) Bill 2002*. Canberra: Department of the Parliamentary Library.
- Olson, M. 1965. *The Logic of Collective Action: Public Goods and the Theory of Groups*. Cambridge, Mass.: Harvard University Press.
- Onaran, Ö., A. Guschanski, J. Meadway, and A. Martin. 2015. *Working for the Economy: The Economic Case for Trade Unions*. London: Greenwich Political Economy Research Centre.
- Organization for Economic Cooperation and Development. 2019. *Negotiating Our Way Up: Collective Bargaining in a Changing World of Work*. Paris: OECD.
- Orr, G. 2001. "Agency Shops in Australia? Compulsory Bargaining Fees, Union (In)security and the Rights of the Free Rider." *Australian Journal of Labour Law* 14 (1): 1–27.
- Peetz, D. 2005. "Co-operative Values, Institutions and Free Riding in Australia: Can It Learn from Canada?" *Relations Industrielles/Industrial Relations* 60 (4): 709–736. doi:10.7202/012341ar.
- Peetz, D. 2019. *The Realities and Future of Work*. Canberra: ANU Press.
- Pennington, A. 2018. *On the Brink: The Erosion of Enterprise Agreement Coverage in Australia's Private Sector*. Canberra: Centre for Future Work.
- Roberts, T. 2021. "Sector-Wide Bargaining: Problems and Prospects in the Australian Case." *Labour and Industry* 1–8. this number. doi:10.1080/10301763.2021.1953222.
- Rosenberg, B. 2021. "Unions and the Evolution of Trade and Industry Policy under the Ardern Government." *Labour and Industry*, this number.
- Stanford, J., and D. Poon. 2021. *Speaking Up, Being Heard, Making Change: The Theory and Practice of Worker Voice in Canada Today*. Vancouver: Centre for Future Work.
- Stanford, J. 2018. "'Fair Go' No More: Australian Neoliberalism and Labour Market Policy." In *Wrong Way: The Legacy of Reform*, edited by D. Cahill, and P. Toner, 166–185. Carlton: Black .
- Stewart, A., A. Forsyth, M. Irving, R. Johnstone, and S. McCystal. 2016. *Creighton and Stewart's Labour Law: 6th Edition*. Alexandria: Federation Press.
- Stewart, A., J. Stanford, and T. Hardy. 2018. *The Wages Crisis in Australia: What It Is and What to Do about It*. Adelaide: University of Adelaide Press.
- Stiglitz, G., and J. Rosengard. 2015. *Economics of the Public Sector*. New York: Norton.
- Weeks, P. 1995. *Trade Union Security Law: A Study of Preference and Compulsory Unionism*. Sydney: Federation Press.
- Wood, M. 2021. *Fair Pay Agreements: Approval to Draft*. Auckland: Ministry of Business, Innovation and Employment. <https://www.mbie.govt.nz/dmsdocument/14297-fair-pay-agreements-approval-to-draft-proactiverelase-pdf>