

**Union Effectiveness during Privatisation: Lessons
from the telecommunications industry in Australia
and Taiwan**

**Submitted by
Chen-Yen Ku (Labour Studies),**

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Abstract

The thesis analyses how telecommunications unions in Australia and Taiwan struggled for their members' interests in response to privatisation during 1996-2004. The thesis makes an argument that union effectiveness is based on its responses rather than external environments; and although unions' strategic choices are influenced by institutions, what is significant is to trace out the reciprocal interconnections between the two. The thesis highlights the significance of union leaders' decisions and membership participation during privatisation.

In its early chapters the thesis explores the historical background, and relevant theory about union strategies and effectiveness. In addition the early chapters explore the state of Australian and Taiwan public sector unions, to set the context for a discussion of contemporary Australian and Taiwan telecommunications unions' responses during privatisation.

In later chapters the concept of effective trade unionism (defined as the capacity of a union to reproduce itself as a collective organization) is explored in terms of the union responses to privatisation in both countries. Whether the CPSU, the CEPU, and the CTWU protected members' interests centres around two main questions: (1) did union strategies delay or stop the progress of privatisation? (2) did union leadership improve job security, public servant status, wages and working conditions for their members while partial privatisation was underway?

In order to evaluate effective trade unionism in a comparative perspective, there are two levels of analysis in this thesis. Firstly, there is a comparison of the CPSU, the CEPU,

and the CTWU in terms of three aspects (membership density, financial strength, and the overall structure of the union). Secondly, there is a comparative analysis of the CPSU, the CEPU, and the CTWU in terms of seven union strategic choices during privatisation.

In summary, the responses of two telecommunications unions in Australia and Taiwan to privatisation illustrate the old Chinese old adage: 'If you don't fight, you lose!' But the way in which unions fought privatisation were many and had to be suited to their circumstances. Importantly, unions in Australia and Taiwan can learn from each other's successful experiences in a restructuring environment, such as privatisation.

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List of Abbreviations

ABS	Australian Bureau of Statistics
ACA	Australian Communications Authority
ACAC	Australian Conciliation and Arbitration Commission
ACCC	Australian Competition and Consumer Commission
ACOA	Administrative and Clerical Officers' Association
ACTU	Australian Council of Trade Unions
AIRC	Australian Industrial Relations Commission
ALP	Australian Labor Party
AMIEU	Australian Meat Industry Employees' Union
AMWU	Australian Manufacturing Workers Union
AOTC	Australian Oversea Telecommunications Corporation
APS	Australian Public Service
APSA	Australian Public Service Association
ATEA	Australian Telecommunications Employees Association
ATPOA	Australian Telephone and Phonogram Officers' Association
APTU	Australian Postal and Telecommunications Union
Austel	Australian Telecommunications Authority
CBA	Collective Bargaining Agreement
CHT	Chunghwa Telecom Company
CEPU	Communications Electrical Plumbing Union
CEPD	Council for Economic Planning and Development
CFL	Chinese Federation of Labour
CPL	Chinese Petroleum Company

CPSU	Community and Public Sector Union
CSC	China Steel Corporation
CTWU	Chunghwa Telecom Workers' Union
CWU	Communication Workers Union
CSATU	Congress of South African Trade Unions
DPP	Democratic Progressive Party
DGT	Directorate General of Telecommunications
EBA	Enterprise Bargaining Agreement
EEO	Equal Employment Opportunity
GBEs	Government business enterprises
ITF	Industrial Transport Federation
KMT	Kuomintang
LLU	Local Loop Unbundling
LSL	Labor Standards Law
MUA	Maritime Union of Australia
MOTC	Ministry of Transportation and Communications
MPRS	Monthly Pension Retirement Scheme
NDC	Network, Design and Construction
NICs	Newly Industrialized Countries
OTC	Overseas Telecommunication Corporation
PA	Participative Approach
PMG	Postmaster Generals Department
PSU	Public Sector Union
POA	Professional Officers Association
RAAF	Royal Australia Air Force
SOEs	State-Owned Enterprises

TL	Telecommunications Laws
TTU	Taiwan Telecommunications Union
WRA	Workplace Relations Act

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Statement of Originality

This work contains no material which has been accepted for the award of any other degree or diploma in any university or other tertiary institution and, to the best of my knowledge and belief, contains no materials previously published or written by another person, except where due reference has been made in the text.

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Chapter 1 Introduction

Many studies of industrial relations have shown that contemporary employment relations are profoundly changing as a result of global economic competition (Frenkel and Peetz, 1998; Wailes et al., 2003; Locke et al. 1995). A vast amount of literature (cited in Pan, 1998) explores how management and unions have used particular tactics and practices through which to deal with a restructuring environment. The aim of this thesis is to compare and contrast the experience of telecommunication employees and labour unions in Australia and Taiwan in the period of international restructuring and privatisation between 1987-2004.

1.1 Significance of the topic

Most comparative industrial relations scholars select similar countries to compare like with like. Pairings of such countries as Australia and New Zealand, Australia and Britain, Korea and Taiwan, Hong Kong and Taiwan are conventional because their situations provide a similar basis for comparison. Few scholars compare industrial relations in dissimilar countries across the East and the West (like Australia and Taiwan) because their different social, cultural and economic histories do not provide a unified basis for comparison. However, it is useful to compare Australia with Taiwan because of the similar situation of the telecommunications industry in both countries- an industry of global importance, subject to an accelerating rate of change, formerly wholly-owned and managed by governments as a public utility, but currently being corporatised and privatised in stages.

All of these factors are similar, and on a similar scale, in both Australia and Taiwan. The similar situations of the telecommunications changes in Australia and Taiwan

provide the basis for a comparison of the ways in which telecommunications industry workers have been, and are being, affected by changes to their industry and the ways in which these workers and their unions have responded, and are responding, to these changes. An understanding of the impact of privatisation on the telecommunications workers in these two countries could help illuminate the nature and effects of union strategy in diverse circumstances.

The number of industries in Australia which are publicly owned and managed, and therefore the number of public sector employees, has fallen dramatically in the last decade. Many have first been corporatised, to operate like private sector business, through still State-owned, and later privatised, to transfer ownership as well as management- style into the private sector. In Australia, TAA and Qantas industries and the Commonwealth Bank were privatised and other industries at different stages of this process include railways, electricity, postal services, health services, and telecommunications.

Corporatisation, outsourcing and privatisation of publicly owned and managed industries have occurred at much the same time and much the same scale in Taiwan. Industries in Taiwan most affected include petroleum, railways, electricity and telecommunications- all of which have been State-Owned Enterprises (SOEs).

In both countries, the reasons given by successive governments of different political persuasion include increasing efficiency at the enterprise level, and raising funds. Meanwhile, the goals of these improved policies achieve the objective of zero public debt, thus creating competition in the global market in the end. The similarity of the privatisation policies of both sides of politics in both countries indicated the

overwhelming influence of globalisation, despite the very different social, political, cultural and economic histories of the two countries.

In the process of privatisation, the issue of employee participation has become a significant issue in Taiwanese State-owned enterprise. These workers did not have the legal right to negotiate their working conditions with their employers within the public sector. Some scholars claim that the successful institution of employee participation relies on the concrete basis of union operation (Pan, 1999:123). In this situation, the Taiwanese workers needed to find the effective strategies in establishing the effective system of employee participation when they faced the impact of privatisation.

1.2 Research Questions

In this thesis, the key question is how, between 1996-2004, did telecommunications unions in Australia and Taiwan struggle for their members' interests in response to the privatisation of their industries. In order to approach the central question, I explore in later chapters three subordinate questions: (1) how have telecommunications unions survived privatisation in Australia and Taiwan? (2) How and why did union responses to privatisation differ between Australia and Taiwan? (3) How well have these unions succeeded in revitalizing and defending themselves and their members?

The significance of the main question is that international restructuring and privatisation have led to attacks on the organization and working conditions of labour. Employers have attempted to make their employees "work smarter" through new working methods; to reduce relative wage costs by the introduction of brief, flexible work contracts; and to outsource peripheral labour in order to compete with their

global competition (Upchurch and Danford, 2001: 100). The combination of these pressures has prompted unions to attempt to protect and improve working conditions for their members and to address the problem of membership decline. This thesis explores these issues in the context of the telecommunication industry in Australia and Taiwan.

1.3 Privatisation in Australia and Taiwan

Developing countries often use one of three different methods to face privatisation. They are the “big-bang” approach adopted in Caribbean and Latin American countries, “marketization” political measures in Eastern European countries, and the “go-slow” approach in East Asian and Asian countries, respectively (Hossain, 1998: 1). In the next section, I will explain what kind of pattern of privatisation is underway in Australia and Taiwan.

1.3.1 The Australian Telecommunications Context

In Australia, three major government business enterprises (GBEs) have been privatised in recent years. They are the Commonwealth Bank in 1996, Qantas airlines in 1995 (Fairbrother et al., 1997: 6), and one-third of Australia’s telecommunications Company (Telstra) in 1997¹.

The Australian Labor Government took several steps toward breaking up its longstanding telecommunications monopoly in the late 1980s. Rudimentary changes

¹ The telecommunications industry has played an important role in Australia because of its size and distance from most other countries and its population which relatively few people (about 18 million). In this context, the telephone became a significant tool to communicate with friends, relatives, and other public and commercial services. Telecom, Telstra’s forerunner, was created out of the Postmaster-General’s Department. It was governed by the Telecommunications Act 1975 (Barton and Teicher, 2000: 2).

were established with the Telecommunications Act 1991: Telecom was merged with Overseas Telecommunications Corporation (OTC) to build the Australian and Overseas Telecommunications Corporation (AOTC, renamed Telstra in 1993). The government-owned satellite system, Aussat, was privatised and became the foundation for a second general telecommunications carrier, license for which was granted to Optus Communications, and a third mobile license was granted to Vodafone (Brown, 1998:84). In Table 1.1, we can understand some of the history of Telecommunications reform in Australia up to 1998.

Table 1.1: Telecommunications reform in Australia

Year of reform	Reform type
1975	Australian Telecommunications Commission (Telecom) was established as a statutory authority moved from Postmaster-General's Department
1981	Competition was introduced by the licensing of 'service providers' in the value added services
1989	Industry regulatory functions were taken from Telecom and placed with a new independent body, the Australian Telecommunications Authority (Austel)
1991	Telecom was merged with Overseas Telecommunications Corporations (OTC) to form Australian and Overseas Telecommunications Corporations (ATOC)
1993	AOTC renamed as Telstra. The government owned satellite system, Aussat, was privatized and became the basis for a second general telecommunications carrier, a private company called Optus Communications
1997	Optus was licensed to provide mobile services and a third mobile license was granted to Vodafone. A transitional network of duopoly and a mobile triopoly was established.

Source: Hossain (1998: 5)

In 1997, the Australian Coalition Government set up a review to consider alternative options in policy, legislation, and regulation, following the expiration of

the then current duopoly arrangement² (Bamber et al., 1997: 124). One third of Telstra Corporation was sold by public float in November 1997 under legislation passed by Federal Parliament in December 1996. This sale generated almost \$14 billion (Hossain, 1998: 1). The Coalition parties went into the 1998 election with an ambition to see the remaining 66 percent of Telstra sold. However, this action was not supported by the Upper House³. The current government still remains committed to the full privatisation of Telstra.

1.3.2 The Taiwanese Telecommunications Context

Taiwan's telecommunications regulatory structure, infrastructure, and technological bases can be analysed through the impacts of three aspects: the Ch'ing Dynasty (China), Japan and the United States. Bian (2000: 134) shows that three substantial powers have dominated Taiwan's economy, history, culture, and security over the last two hundred years. The Nationalist Kuomintang (KMT) party brought with it China's regulatory framework for the telecommunications sector when it retreated to Taiwan in 1949 (Bian, 2000: 137). Since 1895, Taiwan was under Japanese occupation for fifty years. Post, telegraph, and telephone system were constructed and operated under the supervision of the Japanese Ministry of Communications (Bian, 2000: 138). As to the role of U.S. aid, it had an immense influence on Taiwan's economic development and political stability. This aid assisted the building of critical infrastructure and helped develop telecommunications from 1950s to 1960s (Bian, 2000: 149).

² Furthermore, they point out that some governments (e.g. Britain and New Zealand) were able to earn a lot of money by selling their telephone companies. In this context, the Australian Government decided to catch up with the international trend toward such privatisation in telecommunications industry.

³ Barton and Teicher (2000) state that the frustration of Coalition government stems from the role of independent Senators unwilling to support the legislation although the Liberal Party had won the election victory.

Before the 1980s, the KMT government controlled Taiwan's telecommunications development. However, the Democratic Progressive Party (DPP), Taiwan's first opposition party, began criticizing the very close relations between state-owned enterprises and the KMT in the late 1980s. In addition, the United States put heavy pressure on the World Bank, GATT and WTO to urge privatisation and liberalization within developing countries. In this circumstance, Taiwan's telecommunications industry needed to face international competition and alter the status of state-owned enterprise fully controlled by government.

The Telecommunications Laws (TL) of 1996 created a framework for telecommunications reform. As amended, the TL requires the Directorate General of Telecommunications (DGT) to be a more independent regulator, and the main task of this organization is to do administrative supervision and commercial operation in the telecommunications industry. The DGT's business unit was privatised a Chunghwa Telecom Company (CHT) in 1996 (Chang, 2001). The CHT will continue to be a majority-owned by private enterprise, unless the Legislative Yuan gathers adequate political support to modify the TL in the near future.

In addition, the Ministry of Transportation and Communications (MOTC) claimed a timetable for opening up miscellaneous telecommunications services to authorized private operation and competition with the state-run license holder after the 1996 reform of Taiwanese telecommunications. The plan of Taiwanese Ministry of Transportation and Communications (MOTC) (2000) provides a clear picture of the schedule of CHT in Privatisation (see Table 1.2) as follows:

Table 1.2 : The Way of Releasing Shares and Schedule in Chunghwa Telecom Company

The stage of Releasing Shares	The person of Releasing Shares	The way of Releasing Shares	The Percentage of Releasing Shares	The Time of Achieved goal
First Stage	Institution	The sale of Bidding Price	3%	In the end of August, 1999
	Individual investor	The sale of allocation in open market	13%	In the end of September, 1999
	Employees	Inner Sale	3.2%	In the end of September, 2000
	Releasing Shares in Overseas	Deposit certificate in America	12%	In the end of December, 2000
	Employees	Inner Sale	1.8%	In the end of December, 2000
Second Stage	Natural People of National	Releasing Shares to all citizens	20%	In the end of June, 2001
	Employees	Inner Sale	13%	In the end of June, 2001
Total			66%	

Source: 4 August 2000, the MOTC

In Taiwan, the state must carefully consider its overall privatisation policies when coping with the needs from many policy actors, since all the other public utilities (e.g. China Steel Company, Chunghwa Telecom Company, and China Petroleum Company) could demand similar treatment as well. It was the government's duty to set a good precedent with the CHT case that can then be adopted as a template for future privatisations.

1.3.3 Australian Industrial Relations and its implications on the Telstra's privatisation, 1987-2002

Since 1988, the Australian industrial relations system has altered significantly and swiftly from an extremely centralized system, categorized by a typical formal arbitration system and by strong recognition of unions' power and rights in collective

bargaining. This shift has been towards a decentralized system, and enterprise agreements, which have weakened the practical power of unions, especially in the enterprise-based negotiations and transformed the conventional model of an arbitral system (Tierney, 2000).

The genesis for deregulation and partial privatisation of Australia's monopoly telecommunications conveyor can be understood from the political /economic context. By 1987 a declining economy and the government's eagerness to control the growth in government debt resulted in ALP officials considering the sale of government assets, including Telecom. In this period, the Labor Government ruled out privatisation of Telstra telecommunications (Barton, 2002:55-56). Conversely, the Liberal Party redefined Telecom's privatisation from a public good to a private enterprise, which included a plan of employee share ownership. One of the features of the plan was that there was no restriction on foreign ownership (Gray, 1992: 8).

The decentralization and decollectivisation of Australian industrial relations in the 1990s carried with it challenges to the conventional representational role of trade unions. Although the Howard Government argued that the Workplace Relations Act 1996 (ie when it was elected) was not an attack on unions, the Act has a series of regulations to limit the action of trade unions, such as increased sanctions for industrial action, encouraging the establishment of new unions (Mansfield, 2000:169-170), including enterprise unions and the break up of existing unions.

After being elected to government in the 1996 election, the Coalition also brought in legislation to Parliament to sell one-third of Telstra via a public share float. According to the plan of the Howard government, the sale of Telstra was to encourage first time

investors to join in the float and employees to buy a financial stake from their employers through a Employee Share Ownership Plan. The two major Telstra unions, the CEPU (Communications Electrical Plumbing Union) and CPSU (Community and Public Sector Union), argued against the actions in privatisation of Telstra. In contrast, Telstra management argued powerfully in support of partial privatisation. At the same time, the Australian Labor Party (ALP) and Democrats suggested Telstra be maintained in wholly public ownership. In this context, the Liberal Party delayed the further selling of publicly held Telstra Telecommunications until 2002.

1.3.4 Taiwanese industrial relations and its implications on the privatisation of Chunghwa Telecom Company, 1987-2002

During the post-war martial law period, KMT party enterprises were the major beneficiaries of the KMT government's forceful development of the state sector in Taiwan. The state treasury became the KMT party's revenues with the KMT's government's monopolization (Bian, 2000:284).

Throughout its industrialization, Taiwan, like Korea, has had state dominated trade unions. In this situation, organized labour in Taiwan was not structured by workers themselves at least until the late 1980s. Under the KMT government policies, it was the responsibility of the state to organize workers. Every local and industrial level of different KMT departments distributed resources and assistance to workers who desired to organize (Pan, 1998:53). One of the control tools used by the state was KMT selection of the labour leaders. The main purpose of this was to ensure that the labour unions followed the KMT politically.

The influence of labour legislation (the Labor Standards Law, and Arbitration Dispute Law) defined the new environment of Taiwanese industrial relations (Leggett, 1999:48). The end of martial law in 1987 paved the way for progressive reforms such as the legalisation of new political parties, peaceful street demonstration, and street marches in the public area (ie a positive outcome for unions).

The DGT's union members negotiation with the KMT proved noticeably more difficult and intricate than the DPP, a Taiwanese opposition party. The DPP gained some support from the unions because of its populist appeal, standing in support of the union against the KMT's privatisation policy (Bian, 2000). Thus, the DPP was easily able to draft a compromise in 1996 Telecommunications Laws without a lot of obstacles.

For labour, the impact of globalisation has been felt through the processes of job insecurity, worsened working conditions, and limits on union actions. In the next section, I consider these in turn to explore how management strategies affected employees and their unions in restructuring environments, firstly in relation to Australia and then Taiwan.

1.3.5 Management strategies affecting employees and their unions in international restructuring and privatisation

Over the past thirty years, employers in many countries and industries linked money-saving redundancies with a de-unionization ideology or strategy (Peetz, 2002: 252). In this thesis, I identify four main management strategies related to the cases of Telstra and CHT during 1987-2004 which adversely affected unions.

Firstly, this has been achieved because redundancies create a climate of vulnerability in which employees are more willing to accept individual contract offers and perhaps reject unionization (Svensen and Teicher, 1998: 366). In Australia, a new subsidiary – Network, Design and Construction (NDC) was created in 1999. Around 7,000 workers were engaged in this new area within the former Telstra strategic business unit. Of these workers approximately 2,000 accepted redundancy payments and 5,000 moved to the new subsidiary (Chu, 2001: 372). In the CHT case, management offered a suitable redundancy package for the CHT employees during privatisation.

Secondly, company restructuring and diversification in the wake of privatisation reduces the density of union membership⁴ (Chu, 2000: 5-6). For example, Australian public sector unions confronted a huge drop in membership density – dropping from 46 percent in 1992 to 36 percent in 2001. This decline was partly a direct result of cuts to the public sector and the outsourcing and privatisation of public services and, the membership of the CPSU decreased from 110,000 in 1996 to 72,500 (Anderson et al., 2002: 17-18). Meanwhile, however, according to the negotiating collective bargaining agreement between Chunghwa Telecom Company (CHT) and its industry union, from 2000 to 2002, the number of employees in CHT only decreased from 34,905 to 29,100 (CHT, 2002: 4). Nevertheless, all of the workers of CHT were concerned about the problem of job security after privatisation, whereas in the past few workers were dismissed in state-owned or public sector enterprise before privatisation.

⁴ In the Australian context, the privatisation of Williamstown Dockyard was followed by the victimization of union delegates, and eventually the dismissal of the entire workforce, which numbered 1,500 prior to privatisation, according to Svensen and Teicher (1998: 336).

Thirdly, government' policy of privatisation provides an opportunity for companies to rid themselves of union activists, either by deliberate targeting them, or because of senior, more experienced staff, including many union activists, taking advantage of service-related redundancy benefits, and leaving voluntarily (Peetz, 2002: 258). In the CHT case, management gave a special redundancy package to these employees. It was literally called "the Six plus One Salary package⁵ for Voluntary Workers" as translated from the Mandarin. One of criteria for CHT applicants was that the age of the CHT employees had to exceed 45 years old under the retirement regulations of CHT. Hence, the majority of these people were also senior union officials in the CTWU.

Fourthly, an alternative, more radical approach to privatisation enforces a major shift in the employment status of unionized employees, by casualizing staff or outsourcing unionised work.

Four principles which guided Telstra redundancy decisions have been identified by Ross and Bamber (2000): (1) highly skilled staff members were to be retained, but their work locations were to be centralized (2) the jobs performed by less-skilled staff (but receiving remuneration higher than those in similar jobs in the private sector) were to be outsourced (3) and (4) several incentives were created to encourage workforce either to accept redundancy payments or move to subsidiaries and joint ventures to foster a more competitive environment for first and second tier suppliers or to obtain knowledge of new technologies.

⁵ The "6+1 Package" means that the CHT employees who took this redundancy offer can receive extra salary for seven months, based on the level of their salaries in the firm.

In the CHT case, the management adopted a cooperative attitude with the CTWU during privatisation. For example, from 1999 to 2002, the CHT management worked together with the CTWU through the enacting of the Collective Bargaining Agreement, work rules, held 'Labour-Management Committee' once a month (CHT, 2002: 18-19). In CHT, all of management policies aimed to reduce an adversarial atmosphere with the CTWU. In this context, during privatisation the CHT management did not use a more radical approach to outsourcing unionized work.

Clearly, management has a range of strategies available to them to cut costs and control and reduce union opposition. In Chapter 5 and 6 in the thesis, I consider the detail of these in the cases of Telstra and Chunghwa Telecom Company. Meanwhile, telecom unions in Australia and Taiwan have a range of possible strategies they can adopt. In the next section, I will outline how unions responded to international restructuring and privatisation.

1.3.6 Union responses to international restructuring and privatisation

In the cases of Telstra and CHT, it is possible to identify four main approaches used by unions, in response to international restructuring and privatisation.

Firstly, some unions attempted to forge new alliances with other groups in order to enmesh themselves firmly within a wider societal net. In the Telstra case, the CEPU mobilized a strike to improve members' interests in the case of the enacting of the 1998-2000 Enterprise Bargaining Agreement (Print No.T1628-1998). In this protest, a press report that the CEPU obtained non-telecom union support, such as the maritime workers marched to rally at the Newcastle on 25 August 1998. In the CHT case, the CTWU (during the rule of the Anti-Privatisation Group) was keen to participate in

many rallies or protest marches about social issues, in order to increase its opposition to privatisation.

Secondly, some unions address the crisis by adopting a service based approach to membership in a restructuring environment. In the privatising process, the CPSU, the CEPU in Australia and the CTWU in Taiwan made efforts to obtain a suitable package for their senior members.

Thirdly, unions used a 'partnership' discourse to move away from oppositional attitudes to employers in restructuring environments. In the Telstra case, the CPSU and the CEPU got reasonable pay increases for their members under the framework of 'Participative Approach' with the management, such as the case of the enacting of the 1995-1997 Enterprise Bargaining Agreement (Print No.M6722-1995). In the CHT case, the relationship of the CHT management and the CTWU was good, based on the mechanism of 'Labour-Management Committee'.

Finally, some trade unions respond to privatisation by mobilizing members by way of effective local union leadership, and ultimately, increasing membership participation. In both cases, the CPSU, and the CEPU, and the CTWU used different political strategies to delay the progress of privatisation up until 2005. All of the successful political strategies used by the CPSU, the CEPU, and the CTWU showed the importance of membership support and decisions of union leaders in opposition to privatisation.

1.4 My Argument

Over the past two decades, there has been an extensive argument regarding how far economic, political and societal changes are responsible for trade union decline

(Waddington and Hoffmann, 2000). I plan to take this debate a step further by focusing on the actors' responses rather than their external circumstances, following Hyman (2001). This thesis questions whether privatisation automatically means trade union decline.

1.5 Research Aims and Method

1.5.1 Research Aims

This thesis aims to explore union response to the impact of privatisation on telecommunications workers in Australia and Taiwan through a comparison of their particular institutions of employee participation or 'union voice', to highlight some implications for industrial relations policies in each country and more specifically, union and workers strategies.

Comparative studies of industrial relations can encourage understanding of the factors and processes that affect industrial relations phenomena and help with the construction of theories. In addition, they can disclose differences between otherwise similar systems and similarities in those which are otherwise different (Spooner and O'Neill, 2000:146). Most important of all, such comparative studies can produce a better understanding of each nation's practices and institutions.

1.5.2 The Method of Research

To test my argument, the processes and outcomes of industrial relations at the workplace are investigated through case study approaches at two telecommunications firms in Australia and Taiwan. The telecommunications industry offers a convenient platform because many previous studies use the telecom industry to explore industrial

relations and human resource management. Two firms are examined in this study, namely Telstra Corporation and Chunghwa Telecom Company. These firms are also of interest as each has experienced some transformation in their employment relations during the last decade.

Case study methods are the most proper technique employed in this thesis. Case study is kind of qualitative research. It does not offer statistical representation, but rather identifies analytical connections between social processes (Pan, 1998; 38). A case study is an inquiry that investigates a contemporary phenomenon within its real-life context. Case studies can reveal the processes involved, for example, the connections between labour laws and trade unions as well as management policies. Case studies use an 'exception proving the rule' model of generalization. Case studies can indicate the dynamic role of labour institutions for researchers.

Extensive interviews with union representatives were employed to collect information in this thesis. The major purpose of these interviews was to collect information in relation to processes of industrial relations and human resource management and outcome at each firm. Information and data collection include the following resources: newspapers, Internet materials, academic publications in industrial relations (such as books, journals, working papers, company annual report, and union publications).

1.6 The Plan of the Chapters

In the next chapter, I review the literature and theories about how unions have responded to international restructuring and privatisation in an effort to protect the employment interests of their members and retain union power. In Chapter 3, I

explain the methodology in this thesis. This chapter includes a research design that incorporates three sections. Firstly, I describe a comprehensive view of the literature about union strategy and union effectiveness, as mentioned in Chapter 2. Secondly, I focus on empirical data: case studies (Telstra and Chunghwa Telecom Company). Thirdly, I concentrate on an evaluation of national situations and context (in Chapter 4).

In Chapter 4, I investigate what kind of patterns of privatisation was underway in Australia and Taiwan between 1996 and 2004. Particularly, I will investigate how privatisation affected public sector unionism in Australia (including the Community and Public Sector Union) and Taiwan (especially in state-owned enterprises).

In Chapter 5 and Chapter 6, I explore the responses of the CPSU and the CEPU, and the CTWU to the privatisation of Telstra and Chunghwa Telecom Company, under the heading of 'Industrial Activity', 'Political Activity', 'Inter-Union Solidarity', 'Intra-Union Solidarity', 'Service Activity', 'Partnerships with employers', and 'Union Organising Efforts'. This focus is on actors' responses rather than their external environments. However, actors also are influenced by their institutional context and other non-union related factors. Thus, prior to analyzing the responses of the CPSU, the CEPU and the CTWU to privatisation, it is necessary to consider the institutional context of industrial relations, union structure, union identity, and employer and state strategies that affected the strategic choices of the CPSU, the CEPU, the CTWU.

In Chapter 7, union effectiveness is defined as the capacity of a union to reproduce itself as a collective organization. The concept of effective trade unionism is analysed

through an assessment of how unions achieve objectives. In general, the CPSU, the CEPU and the CTWU made many efforts to protect members' interests in privatisation. Overall this chapter analyzes how union strategies can delay or stop the progress of privatisation and unions can improve wages and working conditions for their male and female members in a process of privatization. This analysis is based on a comparison of the CPSU, the CEPU, the CTWU on industrial activity, political activity, solidarity (Inter-Union Solidarity and Intra-Union Solidarity) activity, service activity, partnerships with employers, and union organizing efforts in response to privatisation.

The findings are summarized in Chapter 8. I conclude privatisation does not have to mean trade union decline in the telecommunications industries of Australia and Taiwan. Outcomes will demonstrate the truth of that old Chinese adage: 'If you don't fight, you lose!'.

Chapter 2 Union Effectiveness during privatisation

The aim of this chapter is to explore how union actions can respond effectively in changing environments, including international restructuring and privatisation. In this chapter, it will be argued that the concept of union effectiveness (union power and union revitalization) is defined as the capacity of a union to reproduce itself as a collective organization, in terms of its resources and financial conditions, its membership and its capacity to protect or advance the employment conditions of members.

This chapter has five sections. In section one, I introduce why unions in Australia and Taiwan needed to revitalize in the new environment, that is to say, the 1980s and 1990s. In section two, I describe why using a single indicator in analysing union effectiveness is problematic. In section three, I review how researchers have theoretically described the sources of union effectiveness through the use of multiple indicators. In section four, I explore how Australian and Taiwanese unions responded to international restructuring and privatisation, based on various models of union strategy, to help make sense of what unions did in these two cases. In the closing section of this chapter, I set out an analytical model which can be used to examine whether the telecom unions in Australia and Taiwan (the CPSU, the CEPU, and the CTWU) were able to become revitalized during privatisation. This model also makes connections between union effectiveness and union strategy.

2.1 Labour's Urgent Mission in a Contested Global Economy

Restructuring has been accompanied by a concentration of investment, and job losses resulting in redundant or downsized operational units; the intensification of

work by way of new working methods; the reduction in relative wage costs by the introduction of flexible work contracts and the outsourcing of peripheral labour (Upchurch and Danford, 2001: 100). All of these trends have reduced the number of people who are union members, the union density in many industries and, presumably, union power⁶. In addition, future alternative governments are unlikely to restore all that unions have lost in a restructuring environment under the present government (Boxall and Haynes, 1997: 568). In this situation, unions need to make their own strategic choices in response to a restructuring environment, beyond recurrent employer and government opposition.

Over the past thirty years, employers across many countries and in many industries have linked money-saving redundancies with an anti-unionization strategy. This has been achieved firstly because redundancies create a climate of vulnerability in which employees are more willing to accept individual contract offers and, perhaps, reject unionisation (Svensen and Teicher, 1998: 366). Unions may be bypassed as employees are pressured to enter into personal contracts in which the pay reflects individual performance indicators, and where the union can be excluded from the process.

Secondly, company restructuring and downsizing in the wake of privatisation usually reduces the density of union membership⁷ (Chu, 2000: 5-6). The downsizing of workforces usually takes place in association with privatisation. In Australia, for

⁶ Although at the general level some degree of global convergence was detectable in that management were seeking to restrict union influence and reduce labour costs, the causes of these trends varied from sector to sector.

⁷ This situation is due to the fact that it is often difficult to separate the effects of privatization from those associated with restructuring the state, and from changing economic and legal circumstances.

instance, the Williamstown Dockyard privatisation was followed by the victimisation of union delegates, and eventually the dismissal of the entire workforce; which numbered 1,500 prior to the start of the privatisation process (Svensen and Teicher, 1998: 366).

Thirdly, a government policy of privatisation provides an opportunity for companies to rid themselves of union activists, either by deliberate targeting, or because the more senior, more experienced staff (which usually includes many union activists) take advantage of service-related redundancy benefits, and leave willingly (Peetz, 2002: 258).

Fourthly, moving from a national- to localised-wage determination curtails, or at least undermines, union negotiating rights (Chu, 2000: 6). As Bourque and Rioux (1997: 4) note, economic restructuring by business usually represents a movement towards the decentralization of collective bargaining, and this management strategy diminishes the unions' ability to standardize working conditions in the unionised sector.

Fifthly, an alternative, more radical approach enforces a major shift in the employment status of unionised employees, by casualizing staff or outsourcing unionised work to new businesses, deliberately "beyond the reach" of union officials.

There is a broad acceptance that there is a crisis in union effectiveness across the industrialised world – membership decline presents most clearly and most simply this decline of unionism. Union membership density (the proportion of employees belonging to a union) declined dramatically, during the 1980s and the 1990s

(Fairbrother and Griffin, 2002: 1).

Unemployment and economic restructuring in many industrialized countries have eroded the conventional base of support in heavy industry (Bradley, 1994: 41). At the same time, management strategies have challenged union presence and collectivism in the workplace (Fairbrother, 1990: 147). Simultaneously, unions confronted devastating and continuing attacks from government-driven policies. Moreover, as Bradley (1994: 41) notes, union power in the 1980s declined as a result of restrictive legislation, government strategy and employer opposition, but also because of the unions' own internal and external organisation problems. In this context, unions in the private sector have been undermined by the combined forces of globalisation, deregulation, and increasing management antagonism. Meanwhile, public sector unions confronted the parallel threats of massive budget reductions, and privatisation (Hurd, 2003: 6).

Since the 1980s, Australian unions have faced a serious crisis. According to Peetz (1998: 3), the decline in Australian union density in the past two decades has been chiefly due to three elements: structural change in the labour market; an institutional break or 'paradigm shift' in the factors determining union membership the failure of some unions to offer the infrastructure or act with sufficient vigour or cohesion to prevent employer strategies from leading to a decline in union density and membership. In Australia, union membership density dropped by two-fifths from 1976 to 1996 (Peetz, 1998: 1).

In Taiwan, the situation is complex: two types of unions are defined under Taiwanese law: these are industrial and craft⁸. The number of union members has increased from 2.09 million members in 1987 to 2.92 million in 1998 (Lee, 2000: 106). However, this aggregate figure is somewhat misleading as the increase in membership has occurred in craft unions but not in industrial unions. Craft unions are really much more like “worker beneficial associations”, and play a less significant and less active role in Taiwan’s industrial relations system, partly because the members of craft unions are predominantly self-employed. According to Chen et al. (2003: 320), Taiwanese employees join craft unions to be eligible to enrol in an employment insurance program rather than for union activities. In contrast, Government employees not working in excluded categories (such as persons employed in administrative and educational agencies of government and munitions industries) have full representation rights (e.g. collective bargaining, and the right to strike) and can form and join what are termed ‘industrial unions’. Taiwan’s industrial unions have the majority of “bona fide” members, according to Lee (2000: 106). Industrial unions in Taiwan have retained their rights with full representation rights, such as collective bargaining, and the right to strike (Chen et al., 2003: 320). The membership of industrial unions has fallen dramatically. It has decreased from 0.7 million in 1987 to 0.58 million in 2000 (Chiu, 2002: 483).

In order to facilitate comparison of unions in Australia and Taiwan, it is necessary to commence with a set of issues, deliberately made general enough to allow the explanation of unique local features, and to avoid skewing the conclusions toward an *a priori* hypothesis, as Fairbrother and Griffin (2002: 14) suggest. Reviewed in the

⁸ These are literal translations from Chinese, although these terms have divergent meanings in Taiwan and Australia.

next section, one can see seven key issues related to unions efforts in the Telstra and Chunghwa Telecom Company during the privatisation process. These 'issues' are the same as the 'strategies' discussed in later chapters.

2.1.1 The use of industrial action to protect union interests

Australian unions have a long history of industrial action to achieve their aims (e.g. the Great Strikes of the 1980s). In the Telstra case, on 25 August 1998, nearly 60,000 CEPU members in Telstra went on a strike, after more than 12 months of bargaining which had failed to reach agreement on a new deal. The 1998-2000 Enterprise Bargaining Agreement (EBA) (Print No.T1628-1998) was successfully concluded as a result of this strike.

In Chunghwa Telecom Company, there were two factions within the Chunghwa Telecom Workers' Union (CTWU) which took different stands on privatisation: the Conditional Support Group and Anti-Privatisation Group whose names define their stance. The Anti-Privatisation Group took various industrial action in protest against CHT's privatisation. In line with this, it is necessary to explore whether the use of industrial action protected union interests during privatisation.

2.1.2 The use of political action in slowing privatisation

The effectiveness of political action adopted by unions must include long-term strategies to influence general voters and law makers (Masters, 1998: 341). My research suggests that the CPSU, the CEPU in Australia and the CTWU in Taiwan endorsed differing political activity at varying times, even though these unions have adopted industrial action to influence the employer-employee relationship in response to restructuring. So, it is necessary to investigate whether unions properly adopted political action, in order to delay or stop the progress of privatisation.

2.1.3 The use of national and international union support

Inter-Union Solidarity is “the likelihood of sustaining long-term collective action and is inversely related to the number of participating unions” (Rose, 2005: 526). As Levesque and Murray (2002: 54) note, ‘the task of unions has always been to reconcile a multiplicity of interests in order to avoid sectionalism and to build a broader solidarity’.

In the Telstra case, in 1996 the CPSU and CEPU made a joint submission to the Senate Environment, Recreation, Communication and the Arts Reference Committee opposing Telstra’s privatisation. After the Telstra I sale, the CPSU and the CEPU made separate submissions to oppose the 1998 Full Telstra privatisation proposal.

In the CHT case, the Anti-Privatisation Group obtained considerable national and international union support for supporting its campaign against privatisation (e.g. a protest march on 23 September 2003). Conversely, less national and international union support was forthcoming during the period when the Conditional Support Group controlled the union. Thus, it is necessary to explore how unions sought national and international union support to respond to privatisation aspirations.

2.1.4 The Importance of Intra-Union Solidarity (e.g. male /female interests)

Conventionally, telecom union members are predominately males, and in the past union policies have been dominated by male interests. In the CEPU (in Australia) and the CTWU (in Taiwan), most of members are males, particularly in technical departments. In contrast, the CPSU (in Australia) has a majority of members in Telstra who serve in call centres operations and these are female dominated. Mellor et al. (1999: 331) claims that ‘the relationship between perceived union effectiveness in promoting fairness and participation will be strongest for workers at high risk for

unfair treatment and outcomes in the workplace'. In a restructuring environment, union leaders need to look after all members' interests, and ultimately, promote members' and leaders' unity. As Bradley (1994: 54) notes, unions have to broaden their agenda and reorganize to suit the diversity of members' needs and views if union renewal is to occur. So, it is necessary to explore whether unions treated all members' interests equally during privatisation actions.

2.1.5 The Importance of Service Activity

At the workplace level, much of the traditional unions agenda have sought to defend workers through improvements in wages and working conditions (Levesque and Murray, 2002: 47). Voluntary redundancy schemes which provide extra-statutory redundancy payments are often adopted as a mechanism for implementing redundancy (Wass, 1996: 249). Voluntary redundancy is defined as a dismissal secured by way of the consent of the worker. In the negotiation of individual voluntary redundancy packages, unions could treat it as part of service activity.

In the 1990s, both Telstra and Chunghwa Telecom Company management offered a generous voluntary redundancy package to their senior employees. Some senior union leaders are vital to union effectiveness because these unionists occupy vital positions of power in the labour movement. If union officials fail to take responsibility for the current status of unions, this failure may contribute to a persistent downward spiral of trade unionism into the future (Fiorito et al., 1997: 5). In this context, it is interesting to explore whether the voluntary redundancy package affected union effectiveness during privatisation.

2.1.6 Increased union power through cooperation with the employers

The introduction of a worker participation approach by the Telecom management in the 1980s permitted unions to influence management decisions (Chu, 2001: 374). It also assisted them in improving the conditions of members.

Ian Greer's (2003: 3) research⁹ shows that there are three advantages of partnerships with employers in relation to union revitalization. Firstly, they reach out beyond the community of union members and include managers in organising campaigns. Secondly, they offer an institutional place for an independent union voice by generating a structure and funding mechanism anchored in collective bargaining. Thirdly, they advance a policy agenda that moves beyond economic performance issues to address social justice. Moreover, Frege and Kelly (2003: 9) argue that the strategy of partnerships with employers could alleviate the negative image of unions only being associated with militancy and conflict. In the process of privatisation, both Telstra and Chunghwa Telecom Company management adopted various forms of cooperation with their unions. Thus, it is interesting to investigate whether the strategy of partnerships with employers increased the unions' power in response to privatisation.

2.1.7 Union Organising Efforts and Union Effectiveness

Broadly defined, national union organising effectiveness is the degree to which the national unions are able to recruit and retain members (Fiorito et al., 1995: 614).

In line with this, union organising efforts focuses mainly on the acquisition of membership, but, in addition, could generate and strengthen workplace representation.

⁹ Ian Greer, 'Twists and Turns of the High Road: Labor-Management Partnerships and Union Strategy in the United States and Europe', the Industrial Relations Research Association Proceedings 2003, <http://www.press.uillinois.edu/journals/irra/proceedings2003/greer.html>

This in turn might increase the union's general mobilising capacity and its labour market power, as Frege and Kelly (2003: 9) suggest.

In response to the growth of contract work and privatisation, the CPSU adopted an organising strategy to increase its membership. At that time, the membership coverage of the CPSU was much broader than Telstra and the public sector, and included call centres and the privatised telecommunications industry (Anderson et al., 2002: 19).

However, the CTWU did not have to recruit members, because of the compulsory unionism system in Taiwan. Thus, the CTWU concentrated on how to protect members' interests rather than recruit members during privatisation.

As Levesque and Murray (2002: 51) note, 'proactive strategies are clearly central to the renewal of the labour movement'. Therefore the challenge is to achieve a balance between defensive and proactive strategies. So, it is interesting to explore whether the defensive strategies (retaining membership) and proactive strategies (recruiting membership) used by unions restrict or reinforce each other in responding effectively to privatisation. These seven issues (also union strategies) provide the framework for the case studies in Chapters 5 and 6.

2.2 The Problems of Analysing Union Effectiveness in Previous Studies

There has been little research available on the measurement of union effectiveness in relation to different indicators based on divergent samples and various research methods. For example, some industrial relations researchers have used a single indicator to analyse union effectiveness by wage levels or the percentage of workers

who are unionised or covered by a collective bargaining agreement in an industry (Hammer and Wazeter, 1993: 302). The literature suggests three drawbacks to union membership density as a fair measure of union effectiveness. Firstly, no single measure fully captures the worth of union effectiveness, because the selected criterion represents merely one aspect (Hammer and Wazeter, 1993: 302). As Tattersall (2004: 4) notes, union effectiveness refers to not only membership density but also industrial and political power.

Secondly, using a single indicator (like union density) does not illuminate the relationship between a number of significant variables that influence it (Hammer and Wazeter, 1993; Gahan and Bell, 1999). Thirdly, in different industrial contexts it may have divergent meanings. For example, Frege and Kelly (2003: 8) found that a reduction in union density might be a strong indicator of union decline in Anglo-Saxon countries (like the United States, the UK and Australia), but not necessarily in Germany or France. In their view, it is necessary to broaden the concept and focus on a variety of problems confronting all union movements in the industrialized world, without necessarily classifying these as indicators of union decline. As Wever¹⁰ (1998: 391) argues, ‘while union density and collective bargaining coverage are highly correlated, it is not clear exactly what this means, and there are notable exceptions’. Furthermore, existing studies are based on divergent samples and research methods and identify different effectiveness indicators (Burchielli, 2004: 337). In this context, the existing evidence is confusing because it cannot be compared.

¹⁰ For example, in both France and Germany, collective bargaining coverage far exceeds density, and coverage is slightly higher in France and Germany; however, by most measures, union influence is surely greater in Germany (Frege and Kelly, 2003).

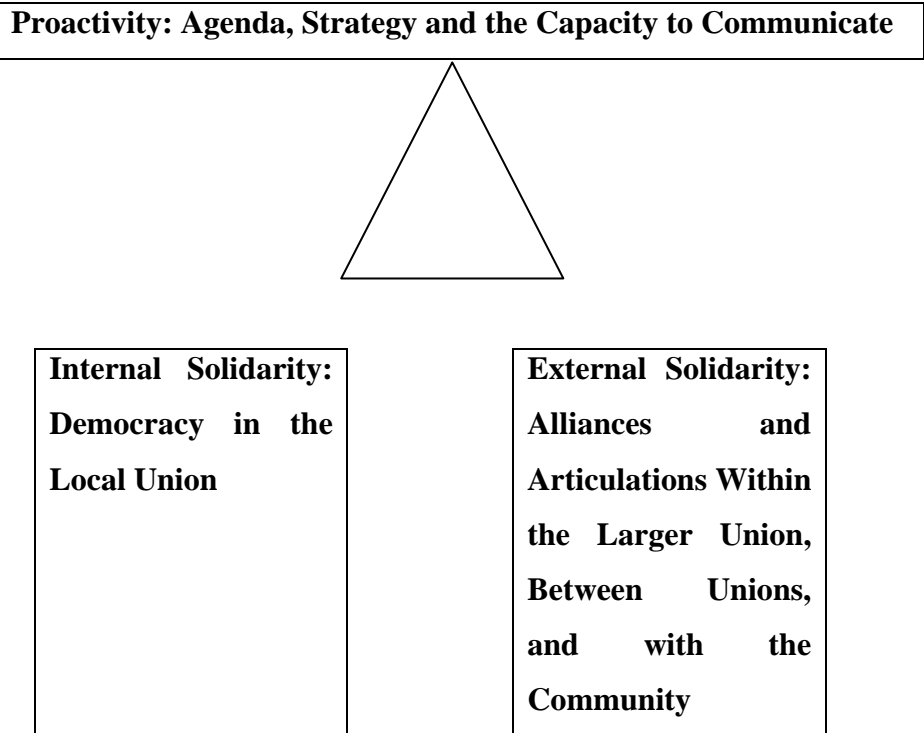
2.3 Sources of Union Effectiveness

In this thesis, union effectiveness is best explained through the combination of a variety of measures. In this section, I will refer to three models of union effectiveness (used by Weil; Levesque and Murray; and Pocock respectively).

David Weil (2005: 332) offers a Strategic choice framework to provide union decision-makers with a way to evaluate ongoing choices in the context of the main objectives and strategies. The key strategic situation confronting a union can be illustrated along two dimensions: ‘Strategic leverage’ and ‘Organizational capacity’. Firstly, Strategic leverage arises from the external environment in which the union operates, such as the nature of technology and work organization or the state of regulation affecting labour policy. In his analysis, a union may have high degrees of leverage arising from the nature of technology, work organization and skill shortage. As to ‘Organizational capacity’, Weil’s model focuses on the internal structure of the union in all of its dimensions. This includes the union’s organizational structure and the people elected as officials, staff, and volunteers within that structure. In addition, organizational capacity helps determine a union’s strength to convert its explicit governance purposes into organizational action. Pocock (2000: 8) asserts that Weil’s model is useful in the dynamic analysis of particular industrial disputes. For instance, in the case of the 1998 Australian waterfront dispute, the Maritime Union of Australia (MUA) demonstrated a high level of organizational capacity by way of several successful strategies, even though the union had low leverage.

Christian Levesque and Gregor Murray (2002) use a model based on a “strategic triangle” to analyse local union action and local union power in the global economy: Proactivity, Internal Solidarity, and External Solidarity (See Figure 2.1).

Figure 2.1 Local Union Power Resources



Source: Levesque and Murray (2002: 46)

Proactivity refers to the ability of local unions to shape and put forward their own agenda. A proactive position is an essential ingredient in the capacity of a local union to negotiate effective safeguards on issues, such as training, outsourcing, redundancies as the payoff for the implementation of new production systems (Levesque and Murray, 2002: 50). In particular, proactivity concerns the local leadership's ability to put forward an agenda, develop it and communicate it effectively to members and employers.

Internal solidarity relates to mechanisms developed in the workplace to ensure democracy and collective cohesion among workers. It incorporates the various forms and degree of membership participation, the existence of delegate and steward structures, the methods of communication between workers and leadership, and more

generally, the relationship between workers and their union (Levesque and Murray, 2002: 46).

External Solidarity refers to the capacity of local unions to work within their communities and through vertical coordination with other unions. In addition, the concept of external solidarity includes the building of alliances between unions, community groups, and social movements (Levesque and Murray, 2002: 46).

In general, the central argument in Levesque and Murray's model is that reinforcing overall local union power in the global context depends on enhancing all three power resources simultaneously. This model also shows that enhanced local union resources cannot always cope with the resources that can be marshalled by employers and governments (Levesque and Murray, 2002: 60-1). The limitation of this model is that the development of these three union power resources can be a daunting challenge to local union leaders who have to contend with the genuine volatility of local union democracy. For example, much of the current union revitalization literature from the United States has a common and fairly basic conclusion, emphasising the importance of membership participation in unions (Levesque and Murray, 2002: 52). This idea is termed 'Internal Solidarity' by Levesque and Murray (2002: 46), and is one of the main resources of union power. It includes the various forms and degree of membership participation, and the methods of communications between workers and leaders. In other words, this is a "big brief" that goes well beyond the workplace, to include the union structure and larger unions relations.

In another model of union effectiveness, Barbara Pocock (2000: 23) proposes six general dimensions (External Solidarity; Mobilising and Organising Power; Structural

Capacity; Discursive Power; Culture and Competence; External Environment) as constituents of high union power (the same as union effectiveness and union revitalization).

Firstly, she accepts Levesque and Murray's concept of 'External Solidarity' (2002) mentioned above as a significant component of union power, because this category encourages internal power within the union (Pocock, 2000: 20). However, in the term 'Internal Solidarity', Pocock suggests, there is a dichotomy between solidarity burdens and solidarity pressures. Thus, she suggests dividing the components of 'Internal Solidarity' into two parts: 'Structural Capacity' and 'Mobilising and Organising power'. The first of these, 'Structural Capacity', refers to membership power / density, financial strength, internal structural cohesion and solidarity, and the overall structure of the union. 'Mobilising and Organising Power' refers to factors like the democratic features of the union, its stance and activity in relation to organising and mobilising members and activists, its recruitment and delegate capacity, training, and the integration of all union activities into a mobilising strategy. Thirdly, the concept of 'Discursive Power' seems to be of growing significance in the central environment where 'the contest for discursive dominance is sharp and contested by many interests, and at the same time closes off certain possibilities for action and power' (Pocock, 2000: 20). In particular, the nature of union leadership is critical to the successful articulation of such an agenda.

Fourthly, 'Culture and Competence' is defined as the union's capacity to act, to change its course, its culture, to control its resources, structure, remake its institutional features or renew its power in the context of changing environments. This is missing

from Levesque and Murray's otherwise comprehensive outline of union power resources.

Finally, the 'External Environment' will shape union power capacity in any situation. Pocock identifies external factors, such as its legislative environment through its party-political strategies and other means (Pocock, 2000: 21). In general, Pocock's model is more useful and realistic in analysing the resources of union power (or union effectiveness) than Levesque and Murray's, in response to a changing environment, partially because she finds the term 'internal solidarity' collapses together too many disparate components and becomes overburdened.

A number of common elements can be drawn out of a diverse set of theoretical offerings in relation to union effectiveness. Firstly, and most obviously, agreement on a comprehensive, detailed, theoretical model does not exist. In other words, existing studies analysing union effective are based on different samples and research methods, and identify different effective indicators, and are therefore difficult to compare (particularly in the cross-national context).

Secondly, any theory of union effectiveness implies a powerful role for external factors. In the research of Frenkel and Kuruvilla (1999: 561), unions are characterised by two main relationships: 'Internal Relations' (between union members and leaders) and 'External Relations' (mainly between the union and employers).

Thirdly, many industrial relations researchers consider that internal solidarity, (to use Levesque and Murray's specific term), is an important contributor to union effectiveness. This is supported by Weil's (2005) model of internal capacity, and it is

obviously a significant component of his approach. In particular, Pocock (2000: 20) recommends dividing the components of 'internal solidarity' into two discrete factors: 'Structural Capacity' and 'Mobilising and Organising Power'.

Fourthly, the models of both Levesque and Murray as well as Pocock emphasise the significance of 'external solidarity' as one of the main sources of union power (or union effectiveness). The task of unions has always been to reconcile a multiplicity of interests in order to avoid sectionalism and to build a broader solidarity (Hyman, 1997). Solidarity is built through dialogue and democratic organization, but also through lateral and vertical coordination among unions and with the community.

Finally, the role of union leadership in a changing environment is a significant source of union effectiveness, as shown in the models of Levesque and Murray as well as by Pocock. For example, Levesque and Murray (2002: 61) believe that union leaders can usefully devote their energies to considering how to activate each of these different power resources (proactivity, internal solidarity and external solidarity) and to harnessing the synergies between them as illustrated by Pocock.

2.4 Union responses to international restructuring and privatisation

Intensified international competition and privatisation has led to attacks on the conditions and organisations of labour (Upchurch and Danford, 2001: 100). Union movements in different countries have responded to the crisis of diminishing union density and power in a variety of ways. In Europe, New Zealand and the United Kingdom, some unions moved more towards a partnership strategy with employers (Tattersall, 2004: 4). In Australia, during 1983-1996 (known as the Accord era), unions sought to amalgamate and to conserve finances in a period of falling membership, in 'partnership' with the Labor government. From the 1990s, unions in

the United States and Australia have attempted to shift towards an ‘organising’ model, as opposed to a ‘servicing model’, using union resources to engage with non-union members rather than to simply provide assistance to existing members¹¹. The very different context in Taiwan has been met with equally different strategies. For example, 27 state-owned enterprise unions in Taiwan formed the “Anti-Privatisation Association” on 30 September 1994 to fight for the unionists’ traditional rights (Chen and Wong, 2002: 42) as well as oppose privatisation.

In the following section, I will review a model of union revitalization strategies from the comparative perspective proposed by Carola M. Frege and John Kelly (2003), which aims to elucidate some of the major strategic forms followed by Australian and Taiwanese unions when they confronted their new, restructuring environments.

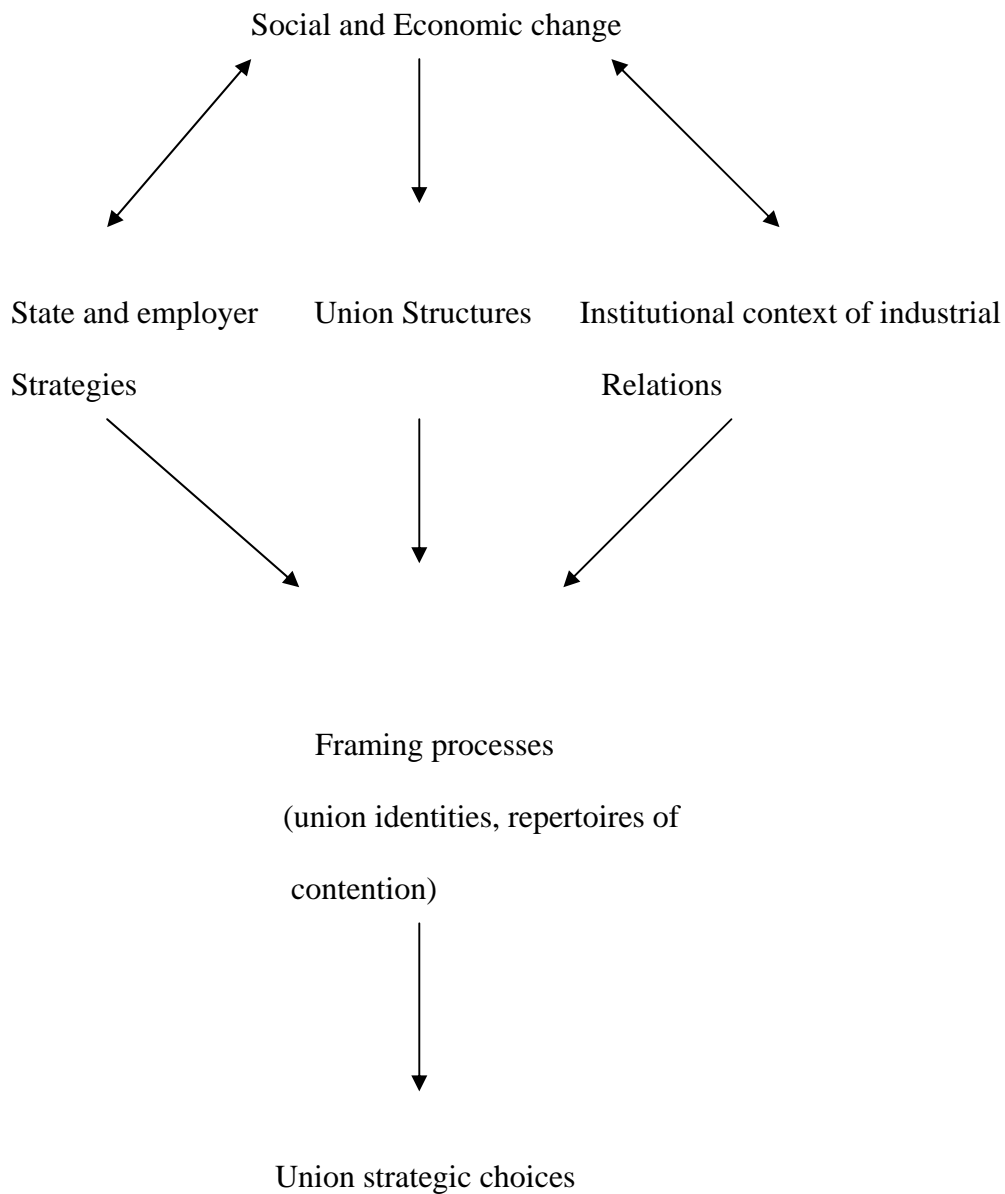
Frege and Kelly (2003) provide an analytical model of union revitalization strategies. This model consists of four independent variables (social and economic change; institutional context of industrial relations; state and employer strategies; and union structures); a process variable (framing processes) and the dependent variable (union strategic choices) (See Figure 2.2). ‘Social and Economic Change’ denotes trends in the structure of the economy and of labour and product markets. The ‘Institutional Context of Industrial Relations’ incorporates collective bargaining structures, legal and arbitration procedures and the political system, including corporatist institutions. In their definition, unions and employers are actors rather than as institutions (Frege and Kelly, 2003: 13). ‘State and employer strategies’ derive from the other key actors within the industrial relations system (Frege and Kelly, 2003:

¹¹ Rae Cooper and Greg Patmore (2002), ‘Trade Union Organising and Labour History’, *Labour History* Vol. 83. <http://www.historycooperative.org/journals/lab/83/cooper.html>

14). 'Union Structures' include the horizontal and hierarchical organization of union movement as well as contacts among unions and with other social movements. Also included are national union leaderships and their relations with other union officials and rank-and-file union members. 'Framing processes' are the ways in which unionists perceive and think about alterations in their external context as well as threats or chances – It often express factors of a union's identity and draw from familiar ideas about union action, so called 'repertoires of contention' (Frege and Kelly, 2003: 14). 'Union Strategic Choices' has generated three possible determining factors: institutional differences, identity divergences, and differences in employer, political party or state strategies (Frege and Kelly, 2003: 12).

In addition, Frege and Kelly (2003) raise the concept of union revitalization through six main strategies: Organizing; Organizational restructuring; Coalition building with other social movements; Partnerships with employers; Political action; and International links.

Figure 2.2 A social movement model of union strategic choices



Over the past two decades, there has been an extensive debate on how far economic, political and societal changes are responsible for trade union decline (Waddington and Hoffmann, 2000). This paper will take this argument a step further by focusing on actors' responses rather than their external circumstances (cf. Richard Hyman 2001). This model is useful in making sense of the strategic situation of unions in Telstra and Chunghwa Telecom Company.

2.4.1 Organizing

According to Frege and Kelly (2003: 9), ‘organising focuses primarily on the acquisition of membership, but, in addition, could create and strengthen workplace representation. In the Telstra case, the CPSU adopted an organising strategy to follow their members into the private sector, in response to the growth of contracting out and privatisation (Anderson et al., 2002: 19). Traditionally, union strength in the Australian telecommunications industry had been facilitated by the benign attitude of government departments to union organization (Probert and Ewer, 2003: 106). In this context, the CEPU was represented on disciplinary and appeals boards with Telstra, thus offering apparent motivation for workers to join the CEPU.

In the CHT case, the CTWU did not have to recruit members because of the compulsory unionism system in Taiwan. Thus, the CTWU concentrated on how to protect members’ interests in privatisation by requesting international assistance, and fighting a ‘propaganda war’ in the media.

2.4.2 Organizational restructuring

According to Frege and Kelly (2003: 9), organizational restructuring (for instance, mergers and internal reorganization of unions) could have a positive impact in three areas. Firstly, it could strengthen union labour market or political power. Secondly, it could strengthen both, by eliminating interunion competition and division. Lastly, the combination of additional resources and increased power could encourage more workers to join unions and boost membership.

Traditionally, while Telstra was fully owned by the Government, Australian telecom unions recruited and represented employees hired in the Postmaster General’s

Department (PMG) and then Telstra (Rice, 1998: 537). During the 1980s and early 1990s, the ACTU encouraged union amalgamations. As a result, the Public Sector Union (PSU) and Professional Officers Association (POA) merged to form the CPSU, and the CEPU was an amalgamation of the Communication Workers Union (CWU), the Telecommunications Officers' Association and the Electrical, Electronics, Plumbing and Allied Workers' Union. According to Chu (2000: 4), around 95 percent of Telstra employees who were union members belonged to either the CPSU or the CEPU. In this context, the CPSU and the CEPU needed to take care of diverse members' interests in a restructuring environment for unions.

In the CHT case, in 1996 the CTWU membership supported the Anti-Privatisation Group (led by Hsu-Chung Chang) as chairman in the first leadership election. However, in the second election, most CTWU members changed their attitude in support of privatisation. In March 2000, the Conditional Support Group used a cooperative strategy to get the CTWU membership to vote with them. At that time, the Conditional Support Group began agitating for a Collective Bargaining Agreement to ensure the retention of existing working conditions in the privatised CHT, and ultimately, to win full salary maintenance in privatisation.

2.4.3 Coalition building with other social movements

The strategy of 'Coalition Building with other social movements' could help unions acquire "power resources", such as access to key individuals and networks within specific communities who could assist with organising campaigns. Such links might also serve to broaden the range of interests and the agendas that unions seek to represent and thus broaden their appeal to poorly represented segments of the labour force (Frege and Kelly, 2003: 9).

Many activists and officials in the CPSU believed that participation in broader union and social issues has reduced membership participation in union campaigns at the workplace (Anderson et al., 2002: 19). In the CHT's privatisation campaign, the Conditional Support Group and the Anti-Privatisation Group (led by Hsu-Chung Chang) encouraged the CTWU to work at increasing its power through collaboration with other non-telecom unions. In addition, this group involved many social movements in Taiwan. The CTWU was keen to take part in many rallies about social issues but not all the activity was relevant to the CTWU itself.

2.4.4 Partnerships with employers

The tactic of entering into 'Partnerships with employers' operates at national, industrial or workplace level and may permit unions to pursue new kinds of interest. If they serve to improve workers' terms and conditions of employment, partnerships could increase the perception of unions as a useful instrument among non-union employees. In so far as they embody a union-wide desire to cooperate with employers, they may erode the negative image that unions are only associated with militancy and conflict. This in turn could reduce both employee and employer antagonism to unions (Frege and Kelly, 2003: 9).

In Australia, the introduction of a worker participation approach by the Telecom management permitted unions to influence certain management decisions from the 1980s onwards (Chu, 2001: 374). It also assisted them in improving the conditions of the workers. In the Telstra case, the CPSU and the CEPU delivered significant wage increases to their members, through their efforts under the 'Participative Approach' framework that was enacted through the 1994-1995 Enterprise Bargaining Agreement

(Print No.T0520-1994) and 1995-1997 Enterprise Bargaining Agreement (Print No.M6722-1995).

In CHT's privatisation, there were two main cooperative opportunities for the CTWU and the CHT management: the Labour-Management Committee and the Labour Representatives on the board of CHT directors. The Labour-Management Committee is a mandatory legal institution in Taiwanese workplaces with the aim of implementing Employee Participation mechanisms or labour-management joint consultation. This monthly Labour-Management Committee in CHT, comprising an identical number of representatives from both employees and employers, has the task of discussing and reporting on all matters relevant to labour-management relations. Such an achieved consensus between the CTWU and the CHT management through the Labour-Management Committee could entail the content of a collective bargaining agreement.

There was a very crucial amendment to the State-Owned Enterprises Management Law on 30 June 2000. This decreed that, at minimum, twenty percent of government-appointed members of the Board of Directors of state-run business must be labour representatives. In CHT at that time, there were 15 Directors of the Boards who were official representatives, including only three from unions. The main function of the labour representatives on the CHT Board of Directors was to enable monitoring of the operation of the CHT business. The labour representatives were still CHT employees while they sat on the CHT Board. They still had to do their tasks as assigned by the CHT management.

2.4.5 Political Action

The strategy of 'political action' may offer access to power resources, resulting in more favourable labour legislation or in corporatist labour market regulation (Frege and Kelly, 2003: 9).

The use of political action in Australia has been a central strategy adopted by many, if not all unions, over the last century. Australian trade unions' response to increasing globalisation involved adopting a corporatist arrangement between the ACTU and the Federal Labor Party (when in government between 1983 to 1996). This was exemplified by the Prices and Incomes Accord, adopted from 1983 (Burgess, 2000: 98). "The Accord" involved a political strategy of partnership with the Labor Party. The Accord process was predicated on union incorporation into political decision making during a Labor government (Gahan and Bell, 1999: 8).

Comparing the cases of Telstra and Chunghwa Telecom Company (CHT), the CPSU (the Telstra case) adopted political strategies in opposing Telstra's privatisation, including the lobbying of politicians in the Senate and in the House of Representatives and particularly those members representing the National Party. This was similar to the CTWU (in the CHT case), where the Anti-Privatisation Group adopted a strategy of lobbying politicians, in response to CHT's planned privatisation.

In the Taiwanese context, after 1987 (the year martial law was lifted) the newly-formed opposition parties seized every opportunity to work closely with unions, even though Taiwanese unions were still under the control of the Kuomintang (KMT) (Lee, 2004: 2). Workers and, particularly, organized unions are significant sources of votes and political support in Taiwan. Many Taiwanese unions in the heavy and capital-intensive industries in particular choose to cooperating with the main opposition party

(the Democratic Progressive Party) because they believe this cooperation will provide better political protection for their members¹². In addition, with growing concerns about job security and working conditions, union activists have campaigned politically for new industrial legislation (the Labor Standards Law), which guarantees minimum wage rates and better working conditions in response to globalisation (Minns and Tierney, 2003: 10).

2.4.6 International links

The establishment of international union links could improve the exchange of information about multinational corporations, enhancing unions' bargaining power and also facilitating the mobilization of members in campaigns. Such links could also increase union political power through the lobbying efforts of international union bodies at the political level (Frege and Kelly, 2003: 9).

There is little hope for labour cooperation in a wider global sphere, as Harcourt (2000: 81) suggested by the question – ‘how much does labour gain by cooperating across national borders?’. However, in Australia, one can see that international labour cooperation has been successful in certain industrial disputes. For instance, in the Australian maritime dispute of 1998, the Maritime Union of Australia (MUA) and ACTU worked together with international bodies, in particular the International Transport Federation (ITF). Through international labour cooperation of this kind, the MUA obtained support from transport unions all over the world. The Congress of South Africa Trade Unions (COSATU) for example helped the MUA campaign

¹² Huang Chang-Ling (2000), ‘In Search of Class Solidarity or Political Partners? – Labor Politics in the Newly Democratizing South Korea and Taiwan’, published under the sponsorship of the American Political Science Association Conference Group on Taiwan Studies, <http://www.la.utexas.edu/research/cgots/Papers/23.pdf>

against “Patrick Stevedores”, the employer at the centre of the dispute (Harcourt, 2000: 82). In the Telstra case, there were no international links used by the CPSU and the CEPU, in response to international restructuring and privatisation.

In Taiwan, most of the independent unions, developed during 1987 – 1997, had a number of common features; they were workplace based, oriented to local issues, and self-reliant. Furthermore, because they were often formed to deal with a specific issue that had been encountered such as disputes over year-end bonuses, pay increases, or unfair treatment of employees due to their union activities, these unions were usually dissolved once they had achieved their aims. Lee (2004: 4) points out that only Taiwanese employees within the workplace involved were admitted into these unions, and they were totally dependent upon their own efforts to deal with their problems, and sought no external assistance.

However, in the CHT case, the CTWU received much international support. For example, at a protest march on 23 September 2003, they had support from Korea Telecom Union, the American Telecom Union and other friendly international unions in opposition to Taiwan’s privatisation policy.

In summary, the six main strategies classified by Frege and Kelly (2003) have been applied in the context of Australia and Taiwan telecom unions, and their response to international restructuring and privatisation¹³.

¹³ Turner (2004: 2) shows that there are at least two critical problems identified for a broader labour participation in global, national and local reform efforts. One is when unions take a narrow perspective and fail to develop the linkages, alliances, and broad reform vision needed to build the necessary political power. The other is the widespread contemporary problem of union decline. In line with this, union revitalization research attempted above all to identify tactics that can both broaden the perspective and reverse the decline.

In Chapter 1, three main approaches used by unions in response to international restructuring and privatisation were identified. Firstly, some unions address the crisis by adopting a service based approach to membership. However, according to Upchurch and Danford (2001: 101), a service based approach to membership amounts to a retreat from militant trade unionism. Secondly, some unions select a 'partnership' approach designed to ensure company profit. According to Huzzard (2004: 21), a 'partnership' discourse requires unions to move away from oppositional attitudes to employers, in favour of cooperative relationships in a restructuring environment. Finally, some trade unions respond to privatisation by mobilizing members through effective local union leadership (Kelly, 1998), and ultimately, increasing membership participation as a response to privatisation.

The above discussion raises the question - What are unions for? This is both an industrial and political question; it has different answers in various countries and at different periods. The research of Levesque and Murray (2002: 47) suggest that much of the traditional union agenda has pursued two goals at the same time. At the workplace level, unions have sought to defend workers through improvements in wages and working conditions. At the level of society, unions have sought to defend employees both as workers and as citizens.

2.5 An Analytical Framework: Making connections between union strategy and union effectiveness during privatisation

It has been argued above that a union revitalization strategies model in comparative perspective, as used by Frege and Kelly (2003), is the best model to describe case studies of both Australian and Taiwanese union responses to privatisation. Importantly, the strategic choice perspective can be used to place the emphasis where

it belongs: on those critical, enacted decisions that have major consequence for union effectiveness (Boxall and Haynes, 1997: 585).

As Frege and Kelly (2003: 12) argue, 'explaining actors' strategies by their institutional context alone is too simplistic and deterministic'. Actors' responses both influence and are influenced by institutions; what is significant is to find the interconnections between the two. This model is linking my argument - focusing on actors' responses rather than their external environment.

From the above literature, I have identified seven key strategies in the CPSU, the CEPU, and the CTWU response during privatisation. In this thesis, these seven strategies will be examined under the categories of 'Industrial Activity'; 'Political Activity'; 'Inter-Union Solidarity'; 'Intra-Union Solidarity', 'Service Activity'; 'Partnerships with employers'; 'Union Organising Efforts', respectively (in later Chapters).

In terms of 'Industrial Activity', it can be seen that the CPSU and the CEPU, and the CTWU selected industrial action to protect the interests of their members in response to a changing environment, although these unions adopted political strategy at various times. In this thesis, 'Inter-Union Solidarity' can show whether unions require national and international union support to respond to privatisation. The concept of 'Intra-Union Solidarity' refers to 'Internal Solidarity'. This category includes whether unions looked after the interests of all members adequately in the struggle against privatisation.

In this thesis, the term 'Political Activity', 'Partnerships with employers' and 'Union Organising Efforts' are identified as the main resources of union revitalization

(or union effectiveness) identified by Frege and Kelly (2003). This thesis will discuss whether unions used political action well in order to delay or stop the progress of privatisation in 'Political Activity'; whether the unions sacrificed members' interest in privatisation when they adopted a cooperative attitude with employers in the term 'Partnerships with employers'; and whether defensive strategies used by the unions were adequate to respond effectively to privatisation in the term 'Union Organising Efforts'.

Finally, the concept of 'Service Activity' refers to much of the conventional union agenda, that is, unions have sought to defend workers through improvements in wages and working conditions at the workplace level, as Levesque and Murray (2002: 47) suggest. In a similar vein, union revival (or union effectiveness) is defined in the broadest terms as "the ability of a union or union movement to adapt and survive; to continually adjust its goals, its practices, its priorities, its alliances in relation to the working class and the economic and socio-political world in which it operates, so that it continues to defend workers' interests" (Rose and Chaison, 2001: 34). As mentioned, the seven strategies offer the framework for the case studies I have chosen, linking with the four sources of union effectiveness ('External Factors', 'Internal Solidarity', 'External Solidarity', and 'The Role of Union Leadership', arising from the models used by Weil, Levesque and Murray, and Pocock). In later chapters, I will use these seven strategies of union effectiveness to examine whether the CPSU, the CEPU, and the CTWU could revitalise during privatisation.

Chapter 3 Methodology

What is an effective union strategy during privatisation? To accommodate research within and across unions a comparative, case-based analysis was selected.

This study examines two telecommunications companies, one in Australia and one in Taiwan, namely, Telstra and Chunghwa Telecom Company. These companies are facing a similar experience of partial privatisation. In both cases, the governments still hold more than 50 percent of shares in these companies up until 2005. In addition, in both companies unions confronted declining membership reflecting the impact of privatisation and certain external events.

While there are similarities in the union situation in these two companies, their membership declines are different in many ways. In order to make comparisons of unions strategy and effectiveness in a cross-national perspective in Australia and Taiwan, I selected the CPSU, the CEPU, and the CTWU because they represent workers within the telecommunications industry in Australia and Taiwan. These unions shared an experience of membership decline during privatisation but they represented divergent forms of trade unionism, based on their institutional location, union identity differences, different structures, and divergences in employers, political parties, and state strategies in the two countries. This thesis adopts a structural approach, with each case study addressing a common set of questions aimed at developing or testing analytical models of theoretical arguments. Chapter 2 has set out a basis for this analytical task which is explored in chapters 5 and 6.

3.1 Research Design

To offer a framework for addressing effective trade unionism, a research design was developed incorporating several stages of analysis. In this thesis, the research design incorporates three stages. Stage one required a comprehensive view of the literature about union strategy and union effectiveness. Chapter 2 has brought this analysis together, setting up a series of proposals that are then the basis of my empirical analysis, building a union revitalization strategies model in comparative perspective, as used by Frege and Kelly (2003). This model is the best to describe case studies of both Australian and Taiwanese union responses during privatisation - incorporating seven union strategic choices: (1) the use of industrial action to protect union interests (2) the use of political action in slowing privatisation (3) the use of national and international union support (4) the importance of Intra-Union Solidarity (e.g male/female interests) (5) the impact of voluntary redundancy packages on union effectiveness (ie service focus) (6) increased union power through cooperation with the employers (7) union organizing effort and union effectiveness. These seven union strategic choices used by the CPSU, the CEPU, and the CTWU, will be discussed in order to assess which is most effective union during privatisation.

In stage two, a research design focuses on empirical testing: case studies. Case study analysis which is specific to particular contexts does not invalidate discussion of more general theory. As Hannay (2002: 490) notes, 'case study provides interesting and detailed nuances that highlight some of the issues motivating nontraditional union members to seek representation in the workplace', although it is limited in its generalizability.

The case study approach outlined earlier called for a methodology which met a number of situations. Firstly, the case study highlights the ways in which trade unionism can develop when concentrated on a special locality, and the benefits of having extra-workplace organization in any place, as Wills and Simms (2004: 59) suggest. Secondly, it must facilitate description and analysis of the constraining and enabling factors. For instance, an examination of union structure and ideology determined whether a union responded effectively in a restructuring environment. Some unions choose to go beyond their traditional culture of unionism in a decentralized industrial relations environment. If unions do this, it could change union internal democracy.

Finally, a case-based approach could permit a researcher to challenge some theoretical arguments¹⁴ (Pan, 1998: 1). Trade unions in nearly all developed countries were confronting difficulties in maintaining membership level and political influence. In Carter and Cooper's (2002: 712) research, they found the US labour movement has been increasingly attracted to the 'organising model' of trade unionism, which has been learned from the successful experiences in Anglo-Saxon countries (such as Australia, New Zealand and Britain). In previous research (e.g. Pan, 1998; Chen et al. 2003), there has been no account of the 'organising model' of unionism or whether it suits the Taiwanese context. In line with this, case-based studies allow researcher to assess whether the 'organising model' of unionism in Australia and Taiwan was an effective response to privatisation.

¹⁴ For example, little investigation has been conducted to understand the influence of market liberalization on employment relations in the East Asia newly industrializing countries (NICs) such as Taiwan.

Having undertaken a thorough analytical review of the literature and isolating the key theoretical approaches that appear useful to my analysis of the situations of Australian and Taiwanese unions in Telstra and Chunghwa Telecom Company in the period 1996-2004, I then turn to consideration of these two cases. I adopt a case-based approach in this study, because many studies (e.g. Lansbury and Macdonald, 1994; Ellem 2002; Pan, 1998) have shown that there is rich diversity in employment relations with the impact of international restructuring and privatisation. In previous studies, little research has been conducted to understand the influence of international restructuring and privatisation in the East Asian newly industrialized countries (NICs), such as Taiwan. In these countries, the features of national institutions have been restructuring as a result of political liberalization since the late 1980s. Subsequent variations in employment relations at the corporate and workplace levels in Taiwan have not been explored.

In the Australian context, since the early 1990s a workplace focus has assumed a dominant role in both Australian industrial relations practice and theory. Bowden's (2001: 74) research suggests that this focus of analysis has also been increasingly adopted for conceptualizing past and future union performance and strategies.

Under the case-based approaches, some comparative industrial relations studies have been relatively unstructured (for example, Ferner and Hyman, 1992). Other research has adopted a more structured approach, with each case study addressing a common set of questions aimed at developing or testing analytical theoretical models (see Locke, 1995). Importantly, the conclusions have not been set up inductively from the evidence uncovered. Yet the structure and significance of the increasing interconnectedness between nations which underpins globalisation is difficult to catch

(Wailes and Ramia, 2001: 132), although globalisation offers the most important framework for coming to terms with forces which shape all countries' policy regimes.

The use of case studies results in a large body of empirical materials about the range of activities that unions pursue. To facilitate data collection in these two cases a range of categories was applied, as developed in Chapter 2, building on existing literature: industrial activity, political activity, solidarity activity (Inter-Union Solidarity and Intra-Union Solidarity), service activity, partnerships with employers, and union organizing efforts.

The final stage of the research design concentrates on examination of national situations and context (in Chapter 4). The public sector has been the subject of restructuring (especially privatisation) in the context of the accelerating internationalization of national economies. In Chapter 4, I will investigate what kind of patterns of privatisation was underway in Australia and Taiwan during 1996-2004 and, I will explore how privatisation affected public sector unionism in Australia (including the Community and Public Sector Union) and Taiwan (especially in state-owned enterprises). Importantly, the variable of 'Institutional Context of Industrial Relations' (used by Frege and Kelly) will be examined in Chapter 4, because this affected the 'strategic choices' of the CPSU, the CEPU, and the CTWU during the privatisation process.

3.2 Research Method

Pursuit of the key propositions set up from the literature requires deep analysis of specific union examples and experiences. The case study approach which is explicitly designed to suggest, develop or test generalizations with broader application

(Whitfield and Strauss, 2000: 150) is therefore appropriate. The case study approach in industrial relations involves analysis of the industry context, including the major components of technological change, management strategy, the changing nature of the workforce, union activity, and particular legislative and institutional context (Jerrard, 2003: 1-2).

The data necessary to address the research question (what are the components of effective trade unionism during privatisation?) were available nowhere but in unions themselves, and needs a research methodology based on a variety of documentary and statistical data, and personal interviews.

Information was collected about the cases of Telstra and Chunghwa Telecom Company relating to the means of achieving the goals of the CPSU, the CEPU, and the CTWU during privatisation. These incorporate the seven strategic choices above (Chapter 2):

- . Industrial Activity
- . Political Activity
- . Inter-Union Solidarity / Intra-Union Solidarity
- . Service Activity
- . Partnerships with employers
- . Union Organising Efforts

A comparison of the seven union strategic choices across the two case studies (Telstra and Chunghwa Telecom Company) was undertaken in an endeavour to discern and conceptualize similarities or divergences and explore patterns. In some instances there was a blurring between the categories in that information could be

ascribed to more than one category. In this situation, collected information was ascribed based on how the union articulated the issue (for example, where the union claimed an issue was industrial activity as opposed to service activity).

To gain a clear insight about the concept of effective trade unionism, the gathered data on the seven categories (union strategic choices) in this thesis were then analysed. In the process of privatisation, the strategies used by the CPSU, the CEPU, and the CTWU involved two dimensions: (1) did union strategies delay or stop the progress of privatisation (2) did union leadership improve job security, public servant status, wages and working conditions for their members when partial privatisation was underway?

In Chapter 7, I will evaluate whether the ‘service model’ of unionism or the ‘organising model’ of unionism was more effective during privatisation.

The aim of the research methodology in this thesis is to broaden existing knowledge, and ultimately, offer an analytical tool towards a better comprehension of effective trade unionism. The more accurate specification of variables and other factors contributing to effective trade unionism, requires constant empirical investigation and analysis within a wide range of industrial relations environments.

3.3 Advantages and Restrictions of the Research Method

3.3.1 The Advantages of the Research Method (case study, cross-national comparison)

My purpose in adopting a case study method is to fill a “gap in union theory” (e.g. why members join and support unions during privatisation) in relation to trade union strategy. For example, Jerrard (2003: 8) used the analysis of eight cases to inform his development of a model of the Australian Meat Industry Employees’ Union (AMIEU)

Branch Strategy. This research contributed to the body of knowledge on union strategy, process, content, and purpose, replying to a criticism in the literature that the “issue of trade union strategy has not been considered directly but rather addressed by implication” (Dufty and Fells, 1989: 222).

Case studies have also been employed is to explore government and management strategies and their effect on workers and unions. For example, the Australian 1989 pilots’ dispute, case study analysis considered how the Australian government responded to the pressure for competitiveness by deregulating the labour market and the airline industry. Management responded in turn, by using an increasing unitarist approach towards the employment relationship, applied in both the ‘hard’ and ‘soft’ forms of human resource management¹⁵.

Case-based studies enable a focus on the detailed workings of the relationships and social processes rather than restrict attention to the results from these. While outcomes are of interest to the case study, if attention were not given to the processes which led to those outcomes then the value of the case study is lost. The case study approach offers an effective channel to support the previous findings in industrial relations research. For example, in Cunnison’s (2002: 170-171) research, she argues that the two principles¹⁶ were largely submerged by class-based, cultural and personal rivalries from 1996 to 1998.

¹⁵ Bray and Wailes (1999: 80) suggest that the surplus pilots fresh from World War II in the Royal Australia Air Force (RAAF) permitted employers and authorities to gradually impose training for those who found jobs in the airline industry.

¹⁶ Shelia Cunnison argues that during 1996 to 1998, despite growing gender consciousness among a group of grass-roots women from one of the branches, and their determined efforts at implementation.

The comparative analyses offered a unique advantage in enabling the researcher to discern varying forms of unionism. For instance, it allows the researcher to analyse patterns of uniqueness and commonality across the CPSU, the CEPU, and the CTWU.

The three unions¹⁷ were chosen because they met the following criteria:

1. Union density in all cases was relatively higher than the average level in other industries (approximately 50 percent unionization rate).
2. Traditionally, telecommunication unions merely looked after the employees hired in the firm.
3. The CPSU, the CEPU, and the CTWU confronted membership crisis during privatisation.
4. Globalisation and Privatisation increased the possibility of union revitalization.
5. Two paired cases (the CPSU and the Conditional Support Group in the CTWU; the CEPU and the Anti-Privatisation Group in the CTWU) appear to illustrate the categories of the 'service model' of unionism and 'organising model' of unionism.

¹⁷ 1. CPSU (Community and Public Sector Union)

101 Henley Beach Rd. Mile End or P.O. Box 506, Torrensville Plaza, SA 5031

2. CEPU (Communications Division, Electric Plumbing Union)

A. Communications Division – National Office

1st Floor 39 Queensberry Street, Carlton South, Victoria 3053, Australia

B. Communications – Telecommunication & Service Branch (Vic)

71 Cromwell St. Collingwood 3066, Australia

C. Communication – Postal & Telecommunications SA / NT Branch

30-40 Hurtle Square, Adelaide, South Australia 5000, Australia

3. CTWU (Chunghwa Telecom Workers' Union)

3rd Fl. 138 King-hua Street, Dah-an District, Taipei, Taiwan

3.3.2 Limitations of the Research Method

A criticism of field research is that the results are not objective, that is, they are too open to subjective interpretation by the researcher. The facts were derived from the interview information collected and are shown in the following case studies. In this thesis, the gathered data could not always be compressed into special categories of union effectiveness. For example, the negotiation of enterprise bargaining agreements could be classified as service activity, partnerships with employers, industrial activity, and solidarity activity. The main goal was to extend the knowledge base to refine an analytical tool towards a better understanding of effective trade unionism.

3.4 Data Collection and Analysis

Primary and Secondary data for this thesis were collected from a broad range of sources (such as interviews, company reports, government reports, union documents, books, journal articles, and internet-based information). Gathering data on the same issue by divergent methods generated a multi-method research, whereby the strengths of one research method helped to compensate for potential limitations in other approaches (Gillham, 2000: 13-14). When differently-sourced data converge to tell a similar story, this suggests that a clear picture of a particular topic or issue has been developed, which increases confidence in the findings (Fielding and Fielding, 1986: 24-25).

Collecting data through interviews creates the potential for bias on the part of the interviewer. For instance, a researcher may seek only those answers that are consistent with their original hypothesis. However, interviews offered convincing evidence to obtain insights and perspectives at the firm level. Mainly because it is a personal and interactive form of data collection, interviews can be an effective method for eliciting

information on sensitive issues (Crano and Brewer, 2002: 223), such as downsizing and collective bargaining strategies.

3.4.1 Format of Interviews

The dynamic nature of the employment relationship and union strategy and relationships were usefully explored through interviews. The aim of the interview questions was to get the responses of individuals, rather than general organizational plans. Each interview question had to be clear for the interviewee.

A semi-structured interview schedule was designed, based on the published materials and literature about telecommunications unions and companies in Australia and Taiwan. During the course of interview research, more than 15 semi-structured interviews were conducted in Australia and Taiwan with individuals who were associated with the process of the privatisation of Telstra and Chunghwa Telecom Company. This occurred over the three-year period between 2002 and 2004. All of the interviews involved one-on-one taped sessions, took between 50 and 80 minutes, and interview content has been transcribed. The selection of interviewees mainly focused on union officials who served in Middle and High Level positions in the CPSU, the CEPU, and the CTWU, except for some low-level union officials and management members in Telstra and Chunghwa Telecom Company.

Lower-level union leadership has been studied extensively, but research on high-level union leadership is more sparse (Fiorito et al., 1997: 4). National union leaders' decisions are significant, because these people occupy a decisive position of power in the labour movement. If these union officials fail to take responsibility for the current status of unions, then this failure may contribute to a persistent downward spiral of unionism.

Meanwhile, management members in Telstra and Chunghwa Telecom Company were not selected as interviewees, because company loyalty may restrict managers' ability to speak freely about some sensitive issues (such as job security). However, all interviewees were involved to some degree in the planning and/or implementation of fighting or supporting the government's policy of privatisation.

3.4.2 The Interviews:

In the Telstra case, there were ten interviewees who took part in my thesis study. Among them, there were eight senior officials in the Communications, Electrical and Plumbing Union (CEPU), and two senior officials in the Community and Public Sector Union (CPSU). Table 3.1 sets out the details of the ten interviewees who were selected from the CPSU and the CEPU. All interviewees had more than 15 years work experience in their units. The ten CPSU and CEPU official interviewed, included an elected Branch President, a Branch Vice-President and a Branch Secretary (Regional Secretary). I define these people as "CPSU High Level" or "CEPU High Level". Other union officials are referred to as "CPSU Middle Level" or "CEPU Middle Level". These include a divisional assistant secretary, a union organizer and an industrial research officer.

Table 3.1 The Telstra case: CPSU and CEPU Interviewees

Pseudonym	Title	Sex	Interview Date
Mary	Industrial Research Officer (CEPU)	Female	16 Oct.03
John	Organizer (CPSU)	Male	30 Oct. 03
James	Branch President (CEPU)	Male	27 Oct. 03
Peter	Branch Secretary (CEPU)	Male	20 Oct. 03
Alice	Assistant Secretary (CEPU)	Female	20 Oct. 03
Stewart	Assistant Secretary (CEPU)	Male	20 Oct. 03
Paul	Assistant Secretary (CEPU)	Male	15 Oct. 03
Jenny	Regional Secretary (CPSU)	Female	04 May. 04
Angel	Branch Vice-President (CEPU)	Female	05 May. 04
Barry	Branch Vice-President (CEPU)	Male	12 May. 04

I conducted six interviews in the Chunghwa Telecom Company. These interviewees serve in the Chunghwa Telecom Workers' Union (CTWU). They include an elected Union President, Standing Director, Standing Supervisor, and General Secretary. I define these people as "CTWU High Level". Other union officials are referred to as "CTWU Middle Level", and include industrial research officers and similar ranks. Table 3.2 sets out the details of the six interviewees who were chosen from the CTWU. All interviewees had more than 15 years work experience in their units. Importantly, they were directly involved in the partial privatisation of Chunghwa Telecom Company (CHT) as well.

Table 3.2 The CHT Case: CTWU Interviewees

Pseudonym	Title	Sex	Interview Date
Lin	Standing Supervisor	Male	10 Dec. 02
Ho	Standing Director	Male	6 Dec. 02
Wang	Union President	Male	13 Dec. 02
Ku	Union President	Male	17 Dec. 03
Yang	General Secretary	Male	10 Dec. 03
Kao	Industrial Research Officer	Female	17 Dec. 03

In the process of conducting the interviews, I gained permission from my interviewees to use their words in my PhD thesis. Interviewees were given pseudonyms, so that anonymity would be assured, and all other identifying details were concealed.

I also edited the transcripts of my interviewees for clarity, removing ‘like’ and other common ‘fill’ words used by interviewees. However, I have taken great care to preserve meaning. Where there is intervening text, extraneous to the point, or a probe question, I have deleted it and indicated the edit with an ellipsis (...).

Table 3.1 and 3.2 above detail the sixteen face-to face interviews carried out. These interviews explored a range of issues by means of specific questions and subsequent discussion. Specific issues pursued include:

- . What were the fears of union members on partial privatisation of Telstra or Chunghwa Telecom Company?
- . How did unions influence the government’s policy of privatisation?
- . How did outsourcing affect employees of Telstra or Chunghwa Telecom Company and its unions?

- . How did redundancy agreements influence employees of Telstra or Chunghwa Telecom Company and union members?
- . What role did enterprise bargaining or collective bargaining have in the process of privatisation of Telstra and Chunghwa Telecom Company, respectively?
- . Did employee participation and industrial democracy influence employees or the unions of Telstra and Chunghwa Telecom Company?
- . How did telecom unions in Australia and Taiwan deal with industrial disputes arising from privatisation?

Interviewees have their own personal beliefs and prejudices, which influence their perceptions of events and issues. This meant the same interview question asked of different union officials obtained different answers¹⁸. To reduce the likelihood of misinterpretation, I check findings with other research resources, including newspapers, academic journals and books, company documents, and union records (particularly from my interviewees).

In general, the interview technique was informal without any attempt to push the discussion into a rigid series of questions and answers. Attempts were made to guide the conversations commonly by asking open-ended questions regarding information collected on the components of union effectiveness.

¹⁸ For example, there is a question namely 'how outsourcing affected both female and male Telstra employees?'. Interview with Peter (a senior CEPU male official) shows that 'In Telstra, it is a very male dominated corporation for a start but I do not think there were any different privatisation effects between female and male employees'. However, interview with Mary (a senior CEPU female official) states that 'Certainly, quite significant amounts of that traditional work has been outsourced to contractors'.

3.4.3 Supporting Data

After selection of the CPSU, the CEPU, and the CTWU, extensive research and reading was undertaken. Interview data was supported, cross-checked and compared with data from a broad range of sources including:

1. Company published reports: for instance, Telstra and Chunghwa Telecom annual reports.
2. Government reports: This was particularly useful in the case of Telstra, which remained majority government-owned. Telstra was also required to table its Equal Employment Opportunity (EEO) Reports and associated workforce data in the federal parliament. Thus, these EEO reports were available for public perusal.
3. Union documents: including newsletters, internet-based information, and
4. Journal articles: theses, book chapters, newspapers and magazine articles; working papers, internet and other electronic data resources.

3.4.4 Data Collection Restrictions

Two elements restricted data collection for this thesis: (1) access and (2) the information barriers. The first factor included gaining access to company staff, internal reports and statistics. This problem was partly resolved by using data collected from interviews with union officials. The second factor was the information barriers. In the case of Chunghwa Telecom Company, 99 percent of employees are members of Chunghwa Telecom Workers' Union (CTWU). Before and after CHT's privatisation, information could be gathered about changes in CTWU membership from the union journal and the website of the CTWU. However, in the Telstra case, it was difficult to find accurate figures of the CPSU and CEPU membership after the period of privatisation. Only partial data existed before and after Telstra's

privatisation, from the published journal and website of the CPSU and CEPU, because the membership coverage of the CPSU and CEPU is more complex than the CTWU which covers only members in CHT. In the CPSU, the members' coverage includes administrative officers, professionals, specialists in information technology, some technical officers. In the CEPU, members' coverage incorporates technical officers, telephonists, and communication officers. In both cases, the majority of their members are not employees of Telstra.

Secondly, the relationship between the CPSU and the CEPU are not good at Telstra. The CPSU retain a significance base of members within Telstra, stemming from the history of Telstra as a government department (Probert and Ewer, 2003: 106). In line with this, the CPSU has its own telecommunication section for its part of the membership, which covers workers in administration, but which overlaps with the CEPU. Thus, information about union membership density is a sensitive issue for the CPSU and the CEPU when they are competitors in recruiting members among employees of Telstra.

3.5 Summary

The research design was initially secondary-data driven (i.e. the literature review). A case-based design was chosen so as to accommodate the complexities of the organizations and to test theory on union effectiveness by the use of primary data (i.e. interviews).

In the following chapters, the model will be applied to the responses of the CPSU, the CEPU, and the CTWU during the privatisation process. The following questions helped in systematic compilation.

1. Did union strategies delay or stop the progress of privatisation?
2. Did union leadership improve job security, public servant status, wages and working conditions for their members while partial privatisation was underway?

This is followed in the chapter 7 by a comparative analysis using primary and secondary sources.

Chapter 4 Privatisation in Australia and Taiwan and its effect on public sector unions

The aim of this chapter is to explore what kind of privatisation was underway in Australia and Taiwan between 1996 and 2004. In addition, I will investigate how privatisation affected public sector unionism in Australia (including the Community and Public Sector Union) and Taiwan (particularly in state-owned enterprises). In general, public sector unions do not usually act in isolation from the labour movement. Hurd and Pinnock (2004: 211) argue that in theory all unions are tied to each other by the goal of securing workers' rights in a society while in practice there are benefits connected with inter-union collaboration. Public sector environments are more likely to feature structured bargaining and policy testing than is seen in much of the private sector.

States throughout the world have been extensively restructured and reorganized over the last two decades (e.g. deregulation and the privatisation of public sector). Privatisation refers to the process of transformation whereby state assets and state functions are moved from the state sector to the private sector (Fairbrother et al., 1997: 1). The state plays the role of an employer. In order to implement a privatisation policy, states can adopt two approaches: de-politicisation and politicisation (used by Fairbrother, 1994, 1998; Burnham, 2001)¹⁹. In Fairbrother's definition, 'de-politicisation' means the formal disengagement of the state politically from the economy, defining problems as technical and 'economic' questions²⁰. Such an

¹⁹ Peter Burnham, 'New Labour and the Politics of Depoliticisation', ISA Conference, New Orleans, March 2002, <http://www.isanet.org/noarchive/burnham.html>

²⁰ Conversely, 'politicisation' refers to the ways in which governments seek to regulate state policy and

approach has been strongly advocated by governments in the Anglo-American countries (like the Australian case). The most well known exponent of the privatisation phenomenon was Margaret Thatcher's policy of the sale of public enterprises (such as British Telecom). It has been adopted with vigour by conservative Australian governments (Hodge, 2004: 1).

4.1 Privatisation in Australia

In recent years, there has been a "wholesale" restructuring of state responsibilities in many OECD countries. These alterations have included the processes of corporatisation and privatisation of many state services (O'Brien and Hort, 1998: 46). In Australia, a picture of the divergent patterns of privatisation at Federal and State level is examined in order to investigate the various dimensions of privatisation.

4.1.1 The Public Sector

The public sector has been the subject of restructuring and privatisation in the context of the accelerating internationalisation of national economies. Privatisation transfers ownership of an asset or function from the public to the private sector, a process which redraws the boundaries between the state and the economy in distinctive ways; laying the foundations for a transformed state (Svensen and Teicher, 1998: 361). Underlying many theories about privatisation is an assumption that private ownership generates more efficient results than the public sector.

In Australia, most of the public sector occurred at the State government level during the 1980s and 1990s. State governments owned banks, utilities, passenger rail and bus transport, prisons, betting agencies, most hospitals, most schools (Moon, 1999: 113).

practices by way of policies of intervention in the organization and operation of the state and civil society (such as the Taiwanese case).

At the Commonwealth level, change occurred later. The public sector in Australia was initially smaller than in organisational, employment and infrastructural terms. However, after World War II the Commonwealth escalated its responsibility for public provision to the exclusion of the States, largely as a result of its expanded taxation powers as well as the use of its external affairs power under the Australian Constitution. The Commonwealth undertook infrastructural- cum- business activities: it owned Telecom, the Commonwealth Bank, the interstate railway, Qantas and all major airports (Moon, 1999: 113).

Throughout the 1980s into the 1990s, changes in the size and nature of the Australian public sector were attributable to the action of Commonwealth and State governments of both major parties, the Australian Labor Party (ALP) and the Liberal-National Coalition.

4.1.2 Privatisation under Labor (1983-1996)

A number of case studies of reforms and impacts on employment in Australian Public Service (APS) agencies have been reported, such as the analyses of Telstra (Barton and Teicher, 1999), the Australian Tax Office (Cooke and Gough, 1999), and Centrelink (Biddle and Burgess, 1999). The conventional connections between the industrial and political wings of the labour movement have been greatly increased by the Accord process. Labor governments have sought to actively engage with public sector unions. For example, trade union representatives were included on the Public Service Management Advisory Board and departments were required to set up joint union/ management committees (Anderson et al., 2002: 4). This was a significant distinguishing element of the pre-1996 industrial regime and had immense implications for public sector union strategy and effectiveness.

Under the Labor government from the late 1980's, there was a very significant movement, namely "labour market deregulation", shifting away from the conventional public administration emphasis. The Hawke Government introduced the Public Service Reform Act 1984. This constituted the first step towards the "creation of a technocratic, managerial state, as the key condition of enhancing and sustaining an internationalised economy" (Fairbrother et al., 1997: 4).

As mentioned, the Labor government privatised a number of government organizations including the Commonwealth Bank, Qantas. This was accompanied by growing levels of contracting out (or outsourcing) and a significant reduction in the employment levels of all organisations in the public sector. For example, there were 408,000 Federal Government employees (or 8 percent of the total workforce) in 1983 but by August 1996 four months after the election of Howard government, there were 305, 400, (or only 4.4 percent of total employment) (Macdonald, 1998: 45).

Privatisation at the Federal Level

While initially it resisted privatisation, Labor became convinced of the necessity for greatly increased efficiency in the public sector based on an adoption of private sector practices (Macdonald, 1998: 43), and focussing effort and resources on the fewer functions deemed "proper" for the state. In the ruling era of Labor governments, Kim Beazley (Minister for Transport and Communication) had been given a brief to formulate proposals for the restructuring of the publicly-owned airlines and Telecom. Treasurer Keating drafted an even more radical plan for Telecom, but Cabinet endorsed the Beazley model (Fairbrother et al., 1997: 16). However, Labor's position on privatisation was marked by division and confusion. For instance, John Dawkins (the Minister for Trade) in early 1986 argued that:

... the real weakness of the privatisation case is the way it confuses the efficiency of enterprise with their form of ownership. There are, after all, inefficient private companies. Moreover, converting a public monopoly into a private monopoly does nothing for competition or efficiency. The problem can become worse (Dawkins, 1986: 5).

He added:

The goal of government was to ensure the efficiency of both public and private sectors, and privatisation was merely a tool, which could be unproductive and even dangerous if used uncritically for ideological purposes (1986: 2)

The process of privatising the Australian state started slowly, and on a small scale, with the Hawke Labor government, elected in 1983. From a modest beginning in 1985, the government's privatisation program sped up in 1991 with the sale of telecommunications satellite operator Aussat and the sale of 30 percent of the Commonwealth Bank (Svensen and Teicher, 1998: 363). In addition, the Hawke Government undertook an overhaul of the public sector, including the commercialisation and corporatisation of Government business entities like Australian Post and Telecom (now Telstra) (Fairbrother et al., 1997: 4). After this relatively slow beginning, the pace of privatisation in Australia increased in the 1990s, as presented in Table 4.1:

Table 4.1 Major Federal Government Privatisations by Sale 1991-1996

Organisation	Date	Gross Proceeds A\$m	Type of Sale	Proportion Privatised (per cent)
Aussat	1991	777	Private Sale	100
Commonwealth Bank	1991	1303	Public Offer	30
Qantas	1992	632	Private Sale	25
Commonwealth Bank	1993	1295	Public Offer	+20= 50 Total ²¹
Moomba-Sydney Pipeline	1993	286	Private Sale	51
Moomba-Sydney Pipeline	1994	503	Private Sale	+49= 100
Commonwealth Serum Laboratories	1994	310	Public Offer	100
Aerospace Technologies of Australia	1995	39	Private Sale	100
Qantas	1995	1447	Public Offer	+75= 100
Commonwealth Bank	1996	4140	Public Offer	+50= 100
Australian National Railways	1997	95	Private Sale	100

Source: Fairbrother et al. (1997: 4)

Privatisation at the State level

Since the mid-1980s, state governments of all persuasions have embraced programs of commercialisation and corporatisation of government businesses. Patterns of privatisation have been more or less varied, depending on the Party in power. The pattern of privatisation in the states is showed in Table 4.2. In Australia, there have been some divergences from state to state, with Victoria and Western Australia

²¹ The Labor government sold shares of 30 percent of the Commonwealth Bank in 1991, and shares of 20 percent of the Commonwealth Bank in 1993, respectively. Thus, the shares of 50 percent of the Commonwealth Bank were privatised until 1993.

moving more radically in a neo-liberal direction during the period 1991-1996 (O'Brien and Hort, 1998: 47).

Table 4.2 Major State Government Privatisations by Sale 1991-1996

Organisation	State	Date	Gross Proceeds A \$m	Type of Sale
Government Insurance Officer Australia	NSW	1992	1200	Public Offer
Government Insurance Office	Tas	1991	46	Private Sale
Heatane	Vic	1992	137	Private Sale
TabCorp	Vic	1994	686	Public Offer
Primary Industry Bank	WA	1994	109	Private Sale
State Government Insurance Office (SGIO)	WA	1994	170	Public Offer
Enterprise Investments	SA	1994	38	Public Offer
State Bank of NSW	NSW	1994	*	Private Sale
Bank West	WA	1995	926	Private Sale
Pipelines Authority of South Australia	SA	1995	411	Private Sale
BankSA	SA	1995	710	Private Sale
Solaris Energy	Vic	1995	950	Private Sale
Eastern Energy	Vic	1995	2080	Private Sale
PowerCor	Vic	1995	2150	Private Sale
CitiPower	Vic	1995	1575	Private Sale
United Energy	Vic	1995	1553	Private Sale
GFE Resources	Vic	1995	57	Private Sale
Grain Elevators	Vic	1995	50	Private Sale
SGIC	SA	1995	159	Private Sale
Hazelwood	Vic	1996	2357	Private Sale
Forwood Products	SA	1996	131	Private Sale
Port of Geelong	Vic	1996	51	Private Sale
Yalloum Energy	Vic	1996	2426	Private Sale
Portland	Vic	1996	29	Private Sale
Bank West	WA	1996	414	Public Offer

Source: Fairbrother et al. (1997: 6); *: Figure not offered

Australian state governments have chiefly privatised businesses that operated in competitive markets, such as banks, insurance companies, and airlines. The sale of assets in the financial and insurance industries was promoted directly or indirectly by the outcomes of financial deregulation (Fairbrother et al., 2002: 10-1) initiated by the Hawke Government in the 1980s²².

Labor's moderate approach can be contrasted with the much more radical approach being taken by the Coalition parties. As Fairbrother et al. (1997: 16) notes, the Labor Party policy on privatisation was to be justified on a "case-by-case" basis in terms of the "net benefits to the Australian community", whereas the Coalition made privatisation a core portion of its policy platform as discussed below²³.

4.1.3 Privatisation of federal level under the Coalition (1996-2004)

The Howard Liberal-National Coalition government elected in 1996 has continued the privatisation momentum, such as through the sale of the Australian National Railways and other assets, the contracting out of the federal public service's entire information technology infrastructure, and the partial sale of Telstra (Svensen and Teicher, 1998: 363). In November 1997, the sale of 33 percent of Telsra shares became the largest flotation in Australian history and acted as the springboard for a major increase in the percentage of Australians who hold a share portfolio (Moon, 1999: 116). Throughout the 1990s, the largest single privatisation occurred at the federal level, with two initial public flotations of the telecommunications company,

²² State Banks in both South Australia and Victoria had incurred particularly heavy losses, which had an adverse effect on the finances of the governments concentrated (Fairbrother et al., 1997: 7).

²³ For example, the Howard government sought to introduce legislation to enable the float of the remaining 66 percent of Telstra and referred the legislation to a Senate Committee. The sale proceeds would be devoted to reducing government debt as with the initial float (Barton, 2002: 57).

Telstra, raising A\$ 30.33bn and taking private ownership of this company to 49.9 percent. At the state level, Victoria's electricity sector sales raised A\$22.55 bn, whilst the sale of its gas distribution assets raised A\$6.28bn (Hodge, 2003: 164).

But Telstra's transition from a public sector utility to the private sector has proved complex both for the partly privatised company and for government and its regulatory arms. For example, the partial sale of Telstra was accompanied by the partial opening of telecommunications markets to other business, the creation of a new regulatory authority, Austel, and the increased attention of the Australian Competition and Consumer Commission (ACCC) and the Australian Communications Authority (ACA) to telecommunications. Austel is now also a part of the ACA.

In privatisation policy, the Coalition has a clear ideological preference for private sector operations compared with Labor, and the Howard government has accelerated the downsizing of the public service initiated by Labor. However, a third of Telstra was sold off and the Government made a determined effort to place the remainder in private hands by the end of 1998.

In 1996, the Coalition announced a shift in its approach to the management of the public sector, more specifically the Australian Public Service (APS), with the release of documents such as *Towards a Best Practice Australian Public Service* (Macdonald, 1998: 45). Based on Peter Reith's (Minister Assisting the Prime Minister for the Public Service in the Howard Government) Best Practice blueprint, "the employment arrangements for Commonwealth public servants will be brought more into line with those which apply in the wider Australian workforce...employment provisions - including remuneration, inefficiency and termination procedures - will be

mainstreamed, largely with the same employment processes that apply to the wider community”²⁴ (Reith, 1996: 2-3).

In 1996, the Workplace Relations Act (WRA) was enacted by the Liberal-National government with its careful downgrading of the role and function of the AIRC and trade unions in the federal system. Under its freedom of association provisions, union access to workplace was curtailed, payment of wages during industrial activity forbidden and access to common law remedies over industrial matters facilitated. These reforms applied throughout the economy, including the public sector.

Besides altering the general framework of industrial relations, the Howard government sought to alter the culture of the employment relationship, expanding managerial authority and performance-based pay (Anderson et al., 2002: 5). Agencies were encouraged to engage in negotiation directly with staff, not unions. Complementary to these federal developments, at the state level governments of both kinds introduced similar public sector reforms.

4.2 Privatisation in Taiwan

The main role of privatisation in Taiwan is to coordinate State-Owned Enterprises (SOEs) with the agents who will attempt to maximise the value of SOEs. In 1952,

²⁴ Teicher (2004: 116) argued that the development of Australian industrial relations can be categorized into four stages. The first reflects the emergence of industrial relations from law. The second phase is featured by an explicit focus on economics as the core context, and was largely a reflection of the role of the Australian Industrial Relations Commission (AIRC). The third phase of development traces the shift of industrial relations into management departments of what Walker (1984) referred to as the growth of personnel management at the enterprise level. The final stage of development is that the human resources and industrial relations aspects of all management decisions would be taken fully into account by management.

state enterprises accounted for 56.2 percent of total value added in Taiwan's manufacturing sector. In fact, SOEs controlled the markets for gas, oil, electricity, water, banking, railroad transportation, and telecommunications at that time (San, 2000:63). The reason for this is that most industries had been substantially destroyed during World War II. The remaining industries were handed over to the Kuomintang (KMT) government and provided an initial foundation for industrialization (Schive, 1995:20).

Over the years, the KMT party, in government, has controlled SOEs by both direct and indirect means. In relation to direct management, the KMT government, a sole shareholder, appoints the boards of trustees and general managers. That is to say, the governing party has control of the majority of State-Owned companies. Some examples are China Steel, provincial commercial banks, and Chinese Petroleum. As to indirect governance, bureaucrats within government ministries direct the operations of SOEs, such as the Directorate General of Telecommunications, an organization within the Ministry of Transportation and Communications, which handles the telephone network in Taiwan. This makes the government, and particularly the KMT, very powerful.

4.2.1 The State Sector and State-Owned Enterprises

The KMT is the oldest political party in East Asia. The ideology of the party is rooted in the quasi-socialist political philosophy of Dr. Sun Yat-sen, father of the 1911 revolution that overthrew the Ch'ing dynasty and created the Republic of China on the mainland and in Taiwan after the rise of Mao Tse Tung. If the state wishes to have effective power in managing its citizens, it has to maintain the three People's Principles outlined by Dr Sun, according to the ruling KMT party. The three are

Nationalism, Democracy, and the People's Livelihood, respectively. Among them, the principle of the People's Livelihood symbolized Dr. Sun's call for economic realism, in response to two main forces. One was the abuse by the landlord class and indigenous capitalists of the Chinese population. The other was the colonial economic penetration of China by Western countries and Japan (Bian, 2000: 177). In order to tackle these existing problems, Dr. Sun argued for "state capital," rather than private capital, as the primary force in the economy.

Therefore, KMT government administrators focused on increasing the nation's prosperity by means of the growth of SOEs. The KMT party constructed a network of social and economic power, and then shaped private business interests owned by the KMT to supply it with a network and autonomous financial support. SOEs in Taiwan were useful mechanisms for the ruling party to achieve the goal of accumulating state and party wealth (Lee, 1992: 138).

State-Owned Enterprises (SOEs) in Taiwan have been used by the KMT as effective policy instruments to accomplish three major goals, besides helping government finances and Party operations. Firstly, in relation to the objective of implementing social welfare policy, SOEs in Taiwan offer discounts on electricity to farming and military families. In addition, the residents of remote or rural areas are offered running water, electricity and other services at the same price as that paid by urban inhabitants (San, 2000:64). Secondly, to achieve special development goals, SOEs in Taiwan have long been used as a means of macroeconomic policy, especially in times of economic recession. For instance, during economic downturns the Taiwan government has often increased the budget of SOEs, allowing them to invest in new projects and thereby trigger development of the overall economy. On the other hand,

the government has stopped the capital assistance to SOEs if the Taiwanese domestic market was growing too fast. SOEs in Taiwan have also been used to achieve microeconomic goals in particular industries, such as the establishment of the China Steel Corporation (CSC). Thirdly, in the context of promoting the development of private enterprise, SOEs in Taiwan serve as major suppliers of raw materials and transitional goods to privately-owned enterprises, most of which are small to medium size businesses. The SOEs in Taiwan have offered many profit-making opportunities to private-sector entrepreneurs. In this situation, they helped the emergence of totally new industries and create a great number of jobs for Taiwanese workers.

4.2.2 KMT and State-Owned Enterprises (1949-2000)

Although the government, following Dr Sun's policies, did not privatise the formerly Japanese-owned enterprises after World War II, it tried hard to stimulate their growth, selecting proficient public servants as managers of what became SOEs. During World War II, the KMT party enterprises were the largest recipient of the KMT government's bold development of the state sector, including the KMT party enterprises in Taiwan. KMT enterprises have grown vigorously since the late 1980s. With the KMT party's domination of political power, the state treasury became the KMT party treasury. In this situation, the continuation and development of party-run enterprise coincided with state enterprises. Thus, according to a survey by Bian (2000: 183), in 1997, the major KMT party enterprise, the China Development Corporation, headed by Tai-Ying Liu, a former classmate at Cornell University of the previous President, Teng-Hui Lee, was deeply involved in Taiwan's telecommunications privatisation process, as well as establishing an affluent joint-venture, including local capitalists, in bidding for mobile phone licenses. In June 1997, the Chunghwa Telecom Company (CHT), following the final decision of the Council for Economic

Planning and Development (CEPD), selected the consulting group of the China Development Corporation to develop the theoretical case for releasing government-owned shares in the CHT. This group finished their report on 30 June 1998.

4.2.3 Privatisation of State-Owned Enterprises

State-Owned Enterprises (SOEs) in Taiwan have historically played a significant role in its economy. Exploring the history of its economic development, Taiwan went through simple import substitution phases in the 1950s, before shifting into export promotion during the 1960s. Taiwan's industries progressively achieved parity with the other industrialized countries in the mid-1970s and the 1980s.

During the process of economic development, the advancement of SOEs coincided with the direction of overall national economic development. These SOEs led capital creation, fostered private enterprise development, and provided infrastructure development and industrial investments.

Privatisation has been a world trend since the 1980s, and Taiwan has been adopting this strategy as part of its economic and political liberalization program. International pressure has been the most significant motivation for privatisation in Taiwan. In addition, some scholars claim that the second oil crisis and the resultant global stagflation near the end of the 1970s caused a downward spiral in the fortunes of some Taiwanese SOEs (Schive, 1995: 23). At that time, SOEs in Taiwan were concerned, and possibly very worried, about increased competitiveness and diminished profit. In this situation, the Council for Economic Planning and Development (CEPD), one of the administrative organizations of the Executive Yuan, was appointed to develop an achievable plan of mergers and privatisation for SOEs in response to the changing international environment.

Taiwan's privatisation first began in the early 1950s when a small program was launched as part of the land reform plan. "The Regulation for Transforming State-Owned Enterprises into Private Enterprises" governing privatisation was enacted in 1953. At that time, the government issued "The Act of State-Owned Enterprises Privatisation". The goal of this act was to obtain the land which was required by implementing the Act of Land Reform in 1953. Lee (1992: 141) describes the contents of this privatisation as being composed of two parts. One was to transfer land owned by State-Owned Enterprises to landlords. The other was to select this "Land Reform" transaction adopted the form of divestitures.

There were several minor privatisations in the 1960s and 1970s but little progress had been made until the late 1980s. During the 1970s, the KMT government invested heavily in petrochemicals; heavy industries, such as steel; shipbuilding; aluminum production; copper smelting, and so on. Schive (1995) claims that the basic petrochemical industry was not configured for private operations. It seemed that the government's perspective towards privatisation before the 1980s had changed. SOEs in Taiwan were built up to support industrial development, although not all of them were prosperous.

In July 1989, the Executive Yuan established a Task Force called the "Ad Hoc Committee for Promoting Privatisation". The members of this committee included member from the Ministry of Economic Affairs (MOEA), the Ministry of Finance (MOF), the Ministry of Transportation and Communication (MOTC), and the Provincial Government (Chang, 1998; 2).

The Task Force was based at the ministerial level to carry out the privatisation program forcefully. The Ad Hoc Committee included ministers and was nominated to revise or draft new laws and regulations as necessary, to ensure smooth privatisations, to formulate an implementation process, to oversee the privatisation implementation process, and to consider problems as well as offer resolutions during the process of privatisation (Schive, 1995: 24).

To summarise, until the mid 1980s, SOEs in Taiwan were charged with supporting nation-wide economic development, to sustain the development of strategic industries and to supply essential goods. This approach effectively came to an end when the trend of liberalization started in the mid 1980s. In the Taiwanese telecommunications industry, as the 1980s continued, the trend towards liberalization started to gain ground, not only in response to international developments but owing to a belief that telecommunications liberalization would assist Taiwan's economic development (Chen, 1997). This situation was followed with neo-liberal political (or economic) philosophy.

The first major privatisation of SOEs took place in May 1994. Between 1994-1998, 15 State-Owned companies had been privatised by asset trade sales, selling shares and private placements²⁵ (Table 4.3).

²⁵ Private placements: This method involves the sale of State-Owned Enterprises at prices determined by means of competitive bidding or negotiation.

Table 4.3: Partly-Privatised State-Owned Enterprises in Taiwan (From 5 May 1994 to 22 Jan. 1998)

Enterprise/ Authority	Authority	Date of Privatisation	Remaining Government Ownership (%)
China Insurance Co.	Ministry of Finance	5 May 1994	30.66
China Petrochemicals Development Co.	Ministry of Economic Affairs	20 June 1994	16.23
BES Engineering Co.	Ministry of Economic Affairs	22 June 1994	0.0
China Steel Corp.	Ministry of Economic Affairs	12 April 1995	40.69
Tin plate Plant	Taiwan Machinery Manufacturing Corporation	20 May 1996	0.0
Shipbuilding Plant	Taiwan Machinery Manufacturing Corporation	10 Jan. 1997	0.0
Alloy Steel Plant	Taiwan Machinery Manufacturing Corporation	30 June 1997	0.0
Yang-Ming Marine Transport Co.	Ministry of Transportation and Communication	15 Feb. 1996	43.53
LP-Gas Supply Administration	Veteran Affairs Council	16 March 1996	0.0
Veterans Gas Manufacturing	Veteran Affairs Council	1 Jan. 1998	40.0
Chang Hwa Commercial Bank	Taiwan Provincial Government	1 Jan. 1998	30.72
Hua-Nan Commercial Bank	Taiwan Provincial Government	22 Jan. 1998	41.36
First Commercial Bank	Taiwan Provincial Government	22 Jan. 1998	40.85
Taiwan Business Bank	Taiwan Provincial Government	22 Jan. 1998	40.96
Taiwan Fire & Marine Insurance Co.	Taiwan Provincial Government	22 Jan. 1998	30.05

Source: Chang (1998, p.5)

In December 1996, a National Development Conference was held to discuss the structural reforms of the state-owned enterprises. Among agreements reached at the conference was a decision to accelerate their privatisation. There were 47 State-Owned Enterprises to be privatised by 2002, arising from the decisions of the Ad Hoc Committee. SOEs in the Taiwanese telecommunications industry are the Chunghwa

Telecom Company (CHT). According to Table 4.4, we can see that the CHT was supposed to become a fully privatised enterprise in June 2001, along with several other State-Owned Enterprises.

Table 4.4: Privatisation Timetable for State-Owned Enterprises up to 2002

Date of Privatisation	Authority	Company
31 December 2000	Taiwan Provincial Government	Taiwan Tobacco and Wine Board
	Ministry of Economic Affairs	Taiwan Salt Industrial Corporation China Shipbuilding Corporation Chinese Petroleum Corporation Taiwan Power Company
30 June 2001	Ministry of Transportation and Communication	Chunghwa Telecom Co. Ltd.
	Veteran Affairs Council	Ret-Ser Engineering Agency
	Taiwan Provincial Government	Taiwan Motor Transport Co., Ltd.
	Kaohsiung City Government	Bank of Kaohsiung
30 June 2002	Taiwan Provincial Government	Taiwan Railway Administration Taiwan Railway Freight Co., Ltd.

Source: Compiled by the author, summarizing the research of Chang (1998), pp.4-5

4.3 Public Sector Unionism in Australia and Taiwan

In this section, I will describe public sector unionism in Australia and Taiwan from three aspects: the relationships between trade unions and the peak union body; the impact of privatisation on public sector employees and unions; and the responses of public sector unions during privatisation.

4.3.1 The relationships between trade unions and the peak union body in Australia

Prior to the 1980s, the traditional model of public service employment had strong influence over both personnel and industrial relations policy. The degree of central control exercised by public service boards in Australia, especially at a federal level, was unusually high (Gardner, 1993: 136). In the nineteenth century, individual public sector staff associations throughout Australia covered administrators, postal workers and teachers in most colonies. Formal recognition of public sector unions was achieved soon after federation, with the Commonwealth Public Service Commissioner granting recognition to three staff associations in 1904 (Anderson et al., 2002: 6). Traditionally, relations between association officials and government employers were close, with ease of transition from association positions to senior public service positions, reflecting a form of ‘enterprise unionism’.

Many Australian unions organising professional and quasi-professional workers were denied full access to state-level arbitration until the 1970s and it was not until the 1980s that many categories of public sector workers were able to seek registration under the federal arbitration jurisdiction (O’Donnell et al., 2005: 406). The salaries and working conditions of public sector workers were mainly determined by intermediary bodies such as public service boards acting as the agents of governments.

However, the early public sector staff associations in Australia were generally opposed to connecting with other organizations, such as the Australian Labor Party (ALP). They preferred lobbying governments rather than developing political alliances with other unions. They differentiated themselves from the mainstream, blue collar, union movement by not affiliating with the ACTU (Anderson et al., 2002: 7).

Within the decentralization of the regulatory framework and the changing role of the state within that environment, an argument emerged that one of the keys to halting union decline and increasing union effectiveness is the development of a workplace-based model of union organization (O'Donnell et al., 2005: 406). This has been accompanied by the concerted effort of the Australian Council of Trade Unions (ACTU) to persuade unions to shift more towards a more 'active' organising / bargaining model of union activity and away from a more 'passive' servicing model of unionism (ACTU 2003).

In 1984, the Hawke Labor Government enacted the Public Service Reform Act. This legislation streamlined employment procedures and began the process of devolving managerial responsibilities to departments. The Office of the Public Service Arbitrator was abolished and its functions became part of the then Australian Conciliation and Arbitration Commission (ACAC), so that public sector industrial disputes were able to be dealt with through the same process, and in the same forum, as the private sector (Anderson et al., 2002: 3). Simms (1987) attributed this change partly to the commitment of the then Prime Minister, Bob Hawke, (a former president of the Australian Council of Trade Unions, the ACTU), to bring public sector unions into the mainstream union movement. Key public sector unions supported this alteration, because the Public Sector Arbitrator was generally regarded as an arm of management (Anderson et al., 2002: 4).

4.3.2 The impact of privatisation on Australian public sector employees and unions

The traditional "career service" was designed around a commitment to merit as the basis of appointment and promotion; equity, political independence and transparent accountability. The features of the Australian public sector were close supervision and

low worker autonomy balanced by good conditions such as job security, career path and superannuation (Gardner, 1993: 137).

Throughout the remainder of the 1990s, public sector reform continued to follow private sector principles, with greater decision-making devolved to departmental levels and market-based principles applied to public services, which were subjected to contracting-out or privatisation (Anderson et al., 2002: 4). It is noted that privatisation is often accompanied by layoffs and work intensification for remaining employees (Fairbrother et al., 1997: 28). Many traditional public services were placed in the private sector resulting in reduced employment levels in the public sector and, potentially, reduced conditions of work for staff transferred to the private sector. Those services that remained in the public service continued to operate under a constant threat of possible loss to the private sector, increasing stress through conditions and workloads (Anderson et al., 2002: 4).

In general, the impact of privatisation is accompanied by de-unionisation²⁶ and a shift towards low trust industrial relations. The major determinant of whether or not this will happen in any particular case is the extent to which the union is active at the workplace level (Fairbrother et al., 1997: 29). Under privatisation, the location of bargaining is shifted from the industry level to the company level and often the level of the individual workplace or even the individual employer (Svensen and Teicher, 1998: 366). An increased focus on workplace bargaining and enterprise agreements, a

²⁶ Removing union membership from presently unionized workplaces; reducing the influence of unions so that they are in effect derecognized for bargaining purposes, or at maintaining an organizations' non-union status (Peetz, 2002: 252).

common characteristic with the restructuring of the state, appeared in agency types in public services.

More recently, the Liberal-National government enacted 'union unfriendly' legislation and has wanted the public service to restrict union participation in employment relations. Under the Workplace Relations Act 1996, all public service employees who paid their subscriptions by payroll deduction had to re-authorize the payment leading to membership losses (as claimed by the government) to the extent of 40 per cent (Teicher and Barton, 2002: 194).

In Australia, union density decline in the 1980s occurred mainly through an increase in the workforce and the inability of unions to maintain their share of this expanding workforce. In the 1990s, not only has density declined but so has overall membership numbers from 2.66 million in 1990 to 1.88 million in 1999 (Griffin and Svensen, 2002: 32). In Table 4.5, it can be seen that union density is declining faster in the private than the public sector, although there was a rapid density decline in the central public service areas in the period 1994-6. Employment in the public sector is also shrinking, with increasing privatisation, outsourcing and other reductions affecting the public sector.

As jobs left the public sector, union membership and income levels dropped. For staff remaining in the individualised and market-focussed public service, union membership may now become even less relevant (Anderson et al., 2002: 5). Furthermore, Anderson et al. (2002) predict that union effectiveness in the Australian public sector is likely to reduce within the framework of excluding unions from the workplace and through easier access to common law solutions for industrial activity.

Table 4.5 Union density, Australia, by selected characteristics, 1990-1999

Year	Public Sector	Private Sector
1990	66.8	30.8
1991	n.a.	n.a.
1992	67.1	29.4
1993	64.4	27.5
1994	62.3	26.0
1995	56.4	25.1
1996	55.4	24.0
1997	54.7	23.3
1998	52.9	21.4
1999	50.0	19.6

Source: Griffin and Svensen (2002: 32)

4.3.3 The responses of Australian public sector union during privatisation

In the 1990s, public sector unions in Australia attempted to implement strategies similar to those found in private sector unions, in particular by amalgamations and a culture of organising. In 1994, PSU amalgamated with the SPSF (a loose federation of state public sector unions) to ultimately form a union of 25,000 members now known as the Community and Public Sector Union (CPSU). The membership of the CPSU is largely white-collar and is derived from the employees of federal government departments, sections of the broadcasting industry, and the clerical employees of one of Australia's largest telecommunications carriers, Telstra (Carter and Cooper, 2002: 727-8).

Anderson et al. (2002: 18) argue that mergers did not succeed in stemming the decline of membership. As a result, attention turned to a new strategic response, the introduction of the organising model, a concept promulgated by the ACTU Organising Centre from 1994 onwards. Furthermore, they found that the public service in Australia remains dominated by a large organisation at fixed locations, with

an articulate body of staff that could ably combine and voice its concerns; a good start to workplace organising.

In response to the challenges of the 1990s, public sector unions in Australia have attempted to implement strategies similar to those found in private sector unions, in particular by amalgamations and developing a culture of organising. As mentioned, in 1994 the Public Sector Union (PSU) amalgamated with the SPSU (a loose federation of state public sector unions) and ultimately forms a union of 250,000 members now known as the Community and Public Sector Union (CPSU). In response to the growth of contracting out and privatisation, the CPSU adopted a new strategy to deal with the decline of membership, that is, following their members into the private sector. In a survey by Anderson et al. (2002: 19-20), the membership coverage of the CPSU is now much broader than the public sector and includes call centres and the privatised telecommunications industry.

4.3.4 The relationship between trade unions and the peak union body in Taiwan

In Taiwan, the trade union model the KMT established under its rule in mainland China, was to set up a peak union body, known as the Chinese Federation of Labour (CFL). For several decades, the Federation controlled virtually all labour unions and all unionised workers in Taiwan. The KMT financially supported the CFL at the county, provincial and national levels and paid the rent on all of the Federation's offices (Minns and Tierney, 2003: 8). Prior to the 1990s the state offered 70 percent of the finances of the single union confederation, the CFL, and controlled it relatively closely (Kuruvilla et al., 2002: 447). In addition, the KMT had the power to dissolve unions within the CFL if it considered them subversive. It forbade horizontal links between unions across industries and closely scrutinised union elections. It was

almost impossible for a unionist to be elected or appointed to the position of official or shop steward unless he – Taiwan’s union movement has always been dominated by men – was a member of the KMT. In this context, the CFL was merely a government agency. The CFL believed that trade unions could assist the government in two aspects: administering instituted welfare programs and mobilising workers for defence in case of an attack by the Communists of mainland China (Sharma and Sephton, 1991: 430).

Prior to the 1980s, Taiwan had, in relative terms, one of the largest public sectors in the world (Wilkinson 1994). The significance of the public sector has decreased gradually because of the privatisation of state-owned enterprises. Pressures from other governments and international organizations relating to free trade, along with the costs of subsidizing state enterprises that were not profitable, prompted the government to reduce the role of public enterprises through a policy of privatisation, beginning in the late 1980s (Chen et al., 2003: 330). The privatisation policy has substantially changed the relationship between employees, employers, and government in public enterprise.

Over the past two decades, Taiwan has experienced dramatic political change in its party system as with similar, third world, democracies. The formation of the Democratic Progressive Party (DPP) in 1986 presented a strong challenge to the then ruling Party, the KMT and a two-party system started to take shape (Yu, 2005: 105). The popular support of the once-hegemonic KMT decreased and it was defeated in the 2000 presidential election. Since then, the DPP has experienced an increase in popular support.

4.3.5 The impact of privatisation on Taiwanese public sector employees and unions

In the 1990s, privatisation in Taiwan was more a response to political democratisation with the rise of indigenous Taiwanese business power which demanded a share of State-Owned Enterprises (SOEs) long monopolized by supporters and cronies of the KMT regime (Cheung, 2005: 270). The privatisation policy has changed the relationship among employees, employers, and government in public enterprise substantially. Privatisation has continued under the DPP government, albeit at a reduced pace²⁷.

Unions existed in all Taiwanese SOEs, and the union's role was to support the state and economic development rather than to bargain (Kuruville et al., 2002: 447). Employees in Taiwanese SOEs have long enjoyed more employment security, higher salaries, and better benefits compared with those available in the private sector. In line with this, workers from Taiwanese SOEs have not been impacted while capital relocation and factory close-down affected the export-oriented enterprise and their workers, as Chen and Wong (2002: 42) found.

Research (e.g. Chen et al. 2003) and anecdotal evidence show that privatisation threatens these advantages, in the minds of many workers and union leaders. Because the jobs of employees in state-owned enterprises are at risk, workers have become more committed to their unions, and this has resulted in a more independent union movement. Privatisation of state-owned enterprises has caused alterations in

²⁷ The DPP confronts a dilemma regarding privatisation. On the one hand, most Taiwanese labour organizations in SOEs strongly object to the government's policy of privatisation; most workers in SOEs believing that privatisation is simply another term for layoff. Importantly, the DPP has been reliant on labour support and is anxious not to alienate unions or union members. On the other hand, DPP leaders also recognize that if privatisation of state-owned enterprise is postponed, many of these enterprises will gradually lose their competitive edge (Chen et al., 2003: 330).

employment relations from state-sponsored unionism before the 1980s to the more autonomous unions we observe today.

4.3.6 The responses of Taiwanese public sector union during privatisation

Throughout the nineties, most of the public sector unions in Taiwan remained firmly under the control of the CFL, partly because of the rank and file's fear that the extension of independent unionism to their workplaces could undermine public sector wage indexation; a privilege denied to private sector employees (Minns and Tierney, 2003: 11). Change can be found in the unions representing workers in several major state-owned enterprises, such as the Chinese Petroleum Company (CPC) and the Chunghwa Telecom Company (CHT). Chen et al. (2003: 330) argue that these unions question the legitimacy of privatisation policies and ask for industrial democracy and involvement in decision making process in the firms. For instance, the Chunghwa Telecom Workers Union (CTWU) has proposed the "three rights of workers' participation"²⁸ in order to protect wages and conditions for their members.

In 1996, a group led by Kaohsiung-based maintenance worker Hsu-Chung Chang seized control of the CTWU, proclaiming its independence from all political organisations and lobby groups throughout Taiwan. Minns and Tierney (2003: 11) found that the significance of its independence became clear in the May Day marches of 1998, at which opposition to the KMT's privatisation legislation was the rallying cry. On a national scale, this was one of the largest May Day rallies in Taiwan's post-war history – some 20,000 marched in Taipei alone; the largest contingent of

²⁸ The "three rights of workers' participation" incorporates three sections: participation in business decision-making; participation in personnel decision-making; participation in profit-assignment decision-making.

marchers was made up of public sector unionists. The Telecom Union led them all, in terms of numbers.

4.4 Summary

The pursuit of commercialisation, deregulation and to a lesser extent privatisation has placed Telstra under considerable pressure. The elaboration of a distinctive Australian approach to privatisation has been the result of a complex interchange of political forces, involving both the Labor Party and the Coalition parties. The Federal Labor Party in Government has had to distance itself from some sections of its support in order to elaborate and implement its program of state restructuring.

In Taiwan, State-Owned Enterprises (SOEs) have conventionally played an important role in its economy. Over the years, the KMT (or the Nationalist Party), in government, had controlled SOEs by both direct and indirect means. Since the 1980s, privatisation has been a world trend, and Taiwan has been adopting this strategy as a portion of its economic and political liberalization program. International pressure has been the most significant motivation for privatisation. The popular support of the once-hegemonic KMT has decreased and it was defeated in the 2000 presidential election. Since, the Democratic Progressive Party (DPP) until recently has experienced an increase in popular support. Under the DPP government, the privatisation policy has continued, albeit at a reduced pace, mainly because the DPP has been reliant on labour support and is anxious not to alienate unions or union members.

Comparing public sector unionism in Australia and Taiwan, we can gain a clear picture of the divergence of union strategies in response to privatisation. In the

Australian case, public sector unions heavily relied on the support of the peak union body, that is, accepted the call for amalgamation by the Australian Council of Trade Unions (ACTU), in order to deal with the decline of union membership. In addition, the Community and Public Sector Union (CPSU) also adopted a fresh strategy to recruit new members associated with the private sector. In the Taiwanese context, most of the public sector unions in Taiwan remained firmly under the control of the Chinese Federation of Labour (CFL). However, few unions in Taiwanese State-Owned Enterprises (e.g. the Chunghwa Telecom Worker' Union) questioned the legitimacy of privatisation policies and asked for industrial democracy and involvement in decision-making process in the workplaces. Importantly, in the late 1990s the significance of the Taiwanese independent union movement was more noticeable through their participation in national protest marches. In these protest activities, the Telecom Union in Taiwan played a leading role among the marchers (mainly made up of public sector unionists).

Chapter 5 The Community and Public Sector Union (CPSU) and the Communications Electrical Plumbing Union (CEPU) – and their response to the privatisation of Telstra

The aim of this chapter is to examine the responses of the CPSU and the CEPU to the privatisation of Telstra, considering them under the seven headings of the model developed in Chapter 2, namely ‘Industrial Activity’, ‘Political Activity’, ‘Inter-Union Solidarity’, ‘Intra-Union Solidarity’, ‘Service Activity’, ‘Partnerships with Employers’, and ‘Union Organising Efforts’ (see 5.5 to 5.11). As Frege and Kelly (2003: 12) argue, explaining unions’ strategies by ‘their institutional context alone is too simplistic and deterministic, downplaying the mutual dependency and the interrelationships between actors and institutions’. In fact, union responses are also influenced by contextual and other non-union related factors. Thus, prior to analyzing the CPSU and CEPU responses to privatisation, it is necessary to understand the institutional context of industrial relations, union structure, union identity, and employer and state strategies (mentioned in Chapter 2) that affected union strategic choices of the CPSU and the CEPU (see 5.1 to 5.4).

5.1 History

During the 1980s, union membership density at Telstra (then known as Telecom Australia) was well above 90 percent and included most white collar workers and a large proportion of managers. At that time, many unions were occupationally based and in some instances covered relatively narrow categories of employees. In 1987, 28 unions had members at Telstra – although five unions represented 91 percent of all union members. These unions were the Australian Telecommunications Employees’ Association (ATEA), the Australian Postal and Telecommunications Union (APTU),

the Australian Telephone and Phonogram Officers' Association (ATPOA), the Administrative and Clerical Officers' Association (ACOA) and the Australian Public Service Association (APSA) (Davis and Lansbury, 1989: 17-8).

Telecom management wanted to speed up its bargaining arrangements to achieve the goal of a single-union enterprise award and they sought assistance from the Australian Council of Trade Unions (ACTU) (Bamber et al., 1997: 136). At that time, the ACTU promoted union amalgamations and they were willing to assist Telstra to decrease the number of unions with which it bargained.

In 1992, the Public Sector Union (PSU), and Professional Officers' Association (POA), and others, merged to form the Community and Public Sector Union (CPSU). A union official who experienced the process of the CPSU amalgamation, depicts the history of the CPSU as follows:

The CPSU commenced in 1913 as the Administrative and Clerical Office Association and then in about 1980 [it became]...an Australian public service union. Telstra was originally... the Post Master General's Department and that's where our membership came [from](John, Male, CPSU Middle Level).

At the same year, the Australian Telecommunications Employees' Association (ATEA), the Australian Telephone and Phonogram Officers Association (ATPOA), and Australian Postal and Telecommunications Union (APTU), merged to form the Communications Workers Union (CWU). In 1992, the CPSU and CWU represented more than 95 percent of Telstra's unionised workers, with around 13,000 and 45,000 members, respectively (AOTC, 1992: 34).

Within the CWU, there were power-sharing plans set up that allocated the position of Divisional President (the most senior operational role), to the Technicians, the Divisional Secretary position to the Linesworkers, and the elected representatives of the National Assistant Secretary to the Telstra Operator Assisted Service area (Rice, 1997: 101).

In 1992, Telstra negotiated with the 15 different unions or groups below:

- Communication Workers Union
- Public Sector and Broadcasting Union
- Metals & Engineering Workers' Union
- Telecommunications Officers Association
- Association of Professional Engineers and Scientists Australia
- Senior Managers' Association
- Australian Journalists' Association
- Australian Nursing Federation
- National Union of Workers
- Operative Painters & Decorators Union of Australia
- Electrical Trades Union
- Amalgamated Society of Carpenters and Joiners of Australia
- Federation of Industrial Manufacturing Engineering Employees
- Building Workers Industrial Union of Australia, and
- Plumbers & Gas Fitters Employees' Union of Australia (Bamber et al, 1997: 135-136).

After 1992, Telstra's relationship was predominantly with the two major unions: CPSU and CEPU, which acted as a "single bargaining unit" for all workers (Bamber et al., 1997: 136). By 1993, the number of unions that Telstra had to negotiate with was reduced from 15 to 3: the CWU, CPSU, and the Australian Manufacturing Workers Union (AMWU). In 1994, the CWU merged with Telecommunications Officers' Association and the Electrical, Electronics, Plumbing, and Allied Workers' Union to form the Communications, Electrical and Plumbing Union (CEPU) (Chu, 2000: 4). The CPSU and CEPU then acted as a single bargaining unit for all unions.

By the mid-1990s around 95 percent of Telstra union members belonged to either the CPSU (10,000 members) or the CEPU (35,000 members) at Telstra Corporation (Ross and Bamber, 1998: 316).

5.2 Structure of Unions

The CPSU is the second largest union in Telstra Corporation. Membership coverage in the CPSU includes administrative officers, professionals, specialists in information technology, and some technical officers. The Professional Officer's Association had some members (mostly engineers) in Telecom (most in the research laboratories). With the union amalgamation concept by the ACTU, who had always cherished their independence from the rather less qualified technicians and linesmen, opted to join with the PSU members (Rice, 1997: 101). In this context, these officers maintained a 'section' within the Communication Division of the CPSU and have their own dedicated staff.

Following the consolidation plans of the federal department in 1987, the CPSU, however, had begun to put more resources into delegate structures and to develop the union along sectional rather regional lines (O'Donnell, 2005: 409). In line with this, many agencies and departments with related functions were organized into divisions with an elected secretary, who was usually a full time official of the union and there were divisional councils made of members elected from the agencies within each division. Each division had a number of sections. The capacity to service the agencies, however, still lay with state and territory branches.

Industrial officers and organizers from the state branches, usually with national industrial officers acting in a coordinating role, offered services to the members. Thus,

while the structure of the CPSU was modified to offer three power centres in the union - the national office, the state branches, and the divisions - the industrial, financial and much of organising resources remained with the state branches (Cooper, 2001: 429).

The CEPU is the largest union at Telstra Corporation at the time of writing and consists of three main divisions: the Communications Division, the Electrical Division and the Plumbing Division. Each has a decision-making structure consisting of a National Divisional Conference, a Divisional Council and Executive and each has a National Divisional Office. Mary's work is in the communication division of the CEPU. She explained the components of the communications division in the CEPU:

The communications division in CEPU has two arms; one is called the Telecommunications and Services Branch, and that's based on the technical and operator staff in Telecom, as it used to be. The other was called the Postal and Telecommunications Branch and that is based on what used to be the line staff in the old Telecom and also our postal members (Mary, Female, CEPU Middle Level).

For example, the membership of the Victorian Branch of the Technical and Services Group (T&S Group) in the CEPU incorporates mostly technician workers and phone operators, and trades people. The antecedents of the T& S Group can be found in two unions, the Australian Telecommunications Employees Association (ATEA), and the Australian Telephone and Phonogram Officers' Association (ATPOA), which amalgamated in 1992. Both of these organizations were originally set up to organize workers in the government department that operated both postal and telephone services - the Post Master General's Department (PMG) (Probert and Ewer, 2003: 103). In the 1970s, the PMG was split into two statutory authorities:

Australian Post, to operate the postal service, and Telstra, to provide telecommunications services.

5.3 Ideology

In a decentralized industrial relations environment, the CPSU found it more difficult to work with the CEPU to negotiate better wages and working conditions for their members through Enterprise Bargaining. This was partly because the CPSU inexperience at dealing with the new approaches and differences with the CEPU on coverage and other issues (Barton, 2002: 72-3).

In contrast to the CPSU, the CEPU has had a tradition of militancy, having won decisive industrial battles in the 1970s over the introduction of new technology and wages, and they used this approach to secure important increases in wages and benefits for members. In the research by Probert and Ewer (2003: 105-6), two main points on union organising within telecommunications needed to be made. Firstly, the occupational origins of Australian unionism, and the legal boundaries imposed on unions to prevent them recruiting outside the registered coverage, largely restricted the flexibility of the CEPU in adapting to alterations in the industry. While nominally industry based now, many of these super unions were conglomerates of the older occupational unions, and such is the case with the CEPU. Thus, the main postal union became the Postal and Telecommunications Branch of the CEPU, and (by an accident of occupational unionism) CEPU continues to hold a minority of its members in the telecommunications industry. In addition, the Electrical Division of the CEPU also has the right to cover some telecommunications work in the private sector. This overlapping coverage has, to follow the term used by Peetz (1998) and Pocock (1998), given rise to tensions over 'market share'. Clearly, the overlapping coverage may lead

to membership poaching. John (a senior CPSU union official) described the relationship of the CPSU and CEPU in Telstra:

The CPSU tried to talk to the CEPU and get agreement about things. However, the CEPU tried to take the CPSU members. Most important of all, the CEPU did not have much respect for the CPSU. Thus, we do not have good relations at Telstra (John, Male, CPSU Middle Level).

Peter (a senior CEPU union official) had experienced Middle level and High level involvement for more than 20 years in CEPU. He said:

The relationship between CPSU and CEPU is not good, it is very uneasy because we see that, in some of parts of Telstra, we see each other as competitors. But we're able to maintain a single bargaining unit in negotiation despite the tensions, we work together to try and get decent agreements for the employees (Peter, Male, CEPU High Level).

According to Peter's interviews, the CPSU and CEPU at Telstra came to a tacit understanding "Please do not steal each other's members". The CPSU retained a significant base of members with Telstra, stemming from the ancestry of Telstra as a government department, although the CEPU is the principal union. Continuing faction between the CPSU and the CEPU at Telstra.

Secondly, union strength in the Australian telecommunications industry had historically been facilitated by the benign attitude of government departments to union organizations. Thus, the CEPU was represented on disciplinary and appeals boards within Telstra, providing obvious motivation for workers to join the CEPU. The tradition of union recognition within Telstra, and particularly its predecessor, Telecom, can be seen in the willingness of managers to remain union members, and in the provision of such facilities as payroll deduction of union dues.

5.4 Privatisation and the impact on Employment in Telstra

The sale of Telecom/ Telstra had been a major issue of public policy debate for over a decade. Telstra's partial privatisation was in line with the "neo-liberal"²⁹ philosophy which has been embraced by both parties (Barton and Teicher, 2000: 3). But in the Senate, the minor parties, eg: the Greens and the Democrats, had emphatically rejected the Telstra privatisation policy. In 1992, independent members in the House of Representatives, Tony Windsor, Bob Katter and Peter Anderson had halted any further Telstra sale because these people represent rural based electorates who were not satisfied with the level of service they were getting from Telstra in "the bush" (the Australian remotest rural areas), according to O'Leary (2003: 1).

In 1987, the ALP began considering the option of selling assets in order to control government expenditure. Areas chosen for sale included Telecom, a major bank (Commonwealth Bank), and the national aviation flag carrier (Qantas) (Hossain, 1998: 1). The proceeds of the Telstra privatisation were to be used to reduce Commonwealth Government debt and the interest repayment burden within the Federal budget³⁰. However, these actions promoted resistance from the ALP membership and the telecom unions who prevented this issue from being adopted at 1987 ALP Conference (Barton, 2002: 55-56). At the same time, the Hawke Labor Government turned its attention towards micro-economic restructuring in the public and private sectors. The Hawke Labor Government saw that there was a need to change, driven by

²⁹ The neo-liberal assumption claims that with some short-term compensation for the victims of change, privatisation could improve industrial efficiency as well as society's welfare.

³⁰ Refer to Pierson et al., 'Chapter 10-The Privatisation of Telstra Corporation Limited, Online Case Studies accompanying Business Finance, 8th Edition, 2002, url:<http://www.mcgraw-hill.com.au/mhhe/fin/peirson83/stu/casestudy10.doc>

globalisation, and this industrial policy needed to include telecom assets (Barton and Teicher, 2000: 6).

Certainly, the National-Liberal Party Coalition embraced the thought of selling all of Telstra, even though the National Party's support had been less enthusiastic. The Liberal Party made privatisation a core plank of its policy platform. In 1993, John Hewson (the Opposition Leader), campaigned in the election to sell Telecom (in a series of tranches) (O'Leary, 2003: 1). Although the Liberal Party lost the 1993 election, it persisted with its policy to privatise Telstra. John Howard endorsed a partial privatisation of it as a significant plank of the Coalition's communications policy in the 1996 election. The Coalition's 1996 election policy therefore included a commitment to partially privatise Telstra. The major components of the policy were:

- one-third of the Commonwealth equity to be made available through a share float, 65 percent of which would be reserved for Australian investors.
- foreign investors only be allowed to subscribe to 35 percent of the float and no foreign investors be allowed to acquire more than five percent of the one-third float (O'Leary, 2003: 5).

After being elected to government in the 1996 federal election, the Howard Government introduced legislation - the "Telstra (Dilution of Public Ownership) Bill 1996" - to Parliament to sell one-third of Telstra by virtue of a public share float (Barton, 2002: 57). The sale Bill passed the Senate in December of that year. The Telstra sale offer opened on 15 October 1997 and closed on 3 November 1997. At that time, the two principal Telstra unions the Communications, Electrical, and Plumbing Union (CEPU) and the Community and Public Sector Union (CPSU), continued to argue against the Telstra privatisation policy.

Telstra had already been corporatised in 1989, and it subsequently lost its monopoly to provide telecommunications service within Australia. Jenny (a senior

CPSU union official) described the attitude of the employees to the loss of their position as public servants after Telstra's Corporatisation. She said:

In the process of deregulation and privatisation, there were approximately 40,000 jobs gone. So, that's a very negative impact on job security. The other thing that's happened is that Telstra used a lot more labour hire staff and they've also set up some joint venture companies which directly employed staff on lower working conditions than Telstra (Jenny, Female, CPSU High Level).

Job security and working conditions became the main issues of Telstra employees concerned during privatisation.

Telstra management set up "Project Mercury", designed to prepare the Corporation for a float, five weeks after the Federal election. Project Mercury was an internal program initiated by Telstra management in April 1996. Its goal was to point out areas where cost savings could be made, mainly by way of staff reduction.³¹ Telstra had identified staff cuts of up to 24,000, almost a third of its workforce, over the next two years, as the company prepared to drop loss-making divisions and slash operating costs before partial privatisation.³² A senior Telstra management team, led by group managing director, employee relations, Mr. Rob Cartwright described the practice of Project Mercury in the Australian Financial Review:

Project Mercury was to ensure that staff without necessary skill and experience were exited from the company in an effective and timely manner. According to Telstra documents, Project Mercury has earmarked staff reductions of 24,000 by July 1998. Of these, 15,500 will come from outsourcing.³³

³¹ Senate Environment, Recreation, Communications and the Arts References Committee, 'Telstra: To Sell or not to Sell?- Consideration of the Telstra (Dilution of Public Ownership) Bill 1996, September 1996, p. 91.

³² Steve Lewis, '24,000 Telstra Jobs at Risk', 4 July 1996, Australian Financial Review.

³³ Steve Lewis, 'The Big Sell-off', 5 July 1996, Australian Financial Review.

In addition, Telstra spokesman Steve Wright further explained the role of Project Mercury:

Telstra was framing a three-year corporate plan from Project Mercury to take the company into the rough and tumble of competition after 1997...We are looking at a situation which dictates that we still have smaller workforce in the future...The restructuring would happen independently of the Federal Government's privatisation plan.³⁴

Moreover, Telstra's CEO, Frank Blount confirmed that a number of redundancies would occur from Project Mercury:

The direction the company must take in the face of pressure on market share, pressure on prices, declining margins and to generate funds to invest for the future, demands that we develop a lower cost base. If our plans are realised, such action will lead to reduction in order to approximately 9,000 staff in the year to June 1997. The cuts were necessary to reduce costs, focus on growth opportunities and compete.³⁵

Telstra management wanted to rank all staff on a scale of one to five for their positions, from "excellent" to "unsuitable". This employment rating system was used to "target" employees for retrenchment and redundancy.³⁶ Actually, this approach, enacted by Telstra management, made it hard for employees to find a new job in suitable industries by labeling them 'duds'.

Under the framework of 'Project Mercury', Telstra management wanted to retrench 9,000 employees. A press report that Mr. Burt Blackburne (The technical division secretary of the CEPU) claimed that the loss of 9,000 people would lead to a further drop in an already declining level of service.³⁷ In addition, Mr. Colin Cooper (CEPU

³⁴ QNP, 'Secret Telstra plan hit', 6 July 1996, Courier Mail (Queensland, Australia).

³⁵ Michael Yiannakis, 'Telstra to Cut 8,999 Jobs', 13 July 1996, The Daily Telegraph (Sydney, Australia).

³⁶ <http://www.greenleft.org.au/back/1996/239/239p5/htm>, 'Telstra workers fight for their jobs'.

³⁷ Rachel Gibson, 'Fight Looms Over Loss of 9000 Telstra Jobs', 13 July 1996, The Age (Melbourne).

divisional president) argued that cuts of 9000 would lead to a dramatic reduction in staff morale, with "good workers" who wanted to take redundancy packages becoming "bad workers".³⁸ The CEPU scheduled a meeting with Mr. Blount (Telstra's CEO) and planned mass meetings around the country to discuss this proposal.³⁹ On 17 July 1996, the mass meeting, called jointly by the CPSU and CEPU, was linked by landline to smaller meetings in regional Queensland. In this mass meeting, Telstra workers clearly objected to the government's policy of privatisation and encouraged the union to go-ahead and adopt further action as required, including the use of industrial action.⁴⁰

Project Mercury set up six review teams to implement the job cuts policy of Telstra. They identified 16 separate activities then currently undertaken by Telstra, as being suitable for contracting out from the corporation.⁴¹ Many of the job cuts in Project Mercury would come through outsourcing, selling non-core operations to outside operators. At first, Telstra denied that it planned to cut 24,000 staff in the next two years. However, on 3 July 1996, giving evidence to the Senate Committee on Telstra's privatisation, senior Telstra management acknowledged the existence of the previously unknown "Project Mercury".⁴²

³⁸ Steve Lewis, 'Telstra Cuts Could Mean 19,000 Jobs', 15 July 1996, Australian Financial Review.

³⁹ Rachel Gibson, 'Fight Looms Over Loss of 9,000 Telstra Jobs', 13 July 1996, The Age (Melbourne).

⁴⁰ <http://www.greenleft.org.au/back/1996/239/239p5.htm>, 'Telstra workers fight for their jobs'.

⁴¹ Senate Environment, Recreation, Communication and the Arts Reference Committee, 'Telstra: To Sell or not to Sell?- Consideration of the Telstra (Dilution of Public Ownership) Bill 1996, September 1996, p.95.

⁴² David Walker, 'Telstra Confirms Jobs Will Go, But Denies 24,000 Target', 4 July 1996, The Age (Melbourne).

Telstra used Project Mercury to form the basis of the Telstra prospectus, which the Howard Government wanted to release in time for its proposed one-third sale of Telstra Corporation. In Table 5.1, we can gain a clear picture of the job reduction proposals from Project Mercury.

Table 5.1 Job Reduction Proposals- Project Mercury

Period	Staff Loss	Cumulative Total
July 1996 to December 1996	8,300	8,300
January 1997 to June 1997	8,500	16,800
July 1997 to December 1997	4,800	21,600
January 1998 to July 1998	3,400	24,000

Source: The Communications, Electrical and Plumbing Union (CEPU)

In the late 1990s, Telstra accelerated its downsizing program, as management sought to save money by reducing unnecessary labour expenses in the now partially privatised corporation. In Graph 5.1, we can see that Telstra reduced its full-time workforce by almost one third during 1996-99. This figure reached the goal of job reductions as proposed in Project Mercury.

In 1978, there were over 10,000 people who were employed full-time in “operator functions” in Telstra (then Telecom). This work was conducted chiefly by women. Many of them were located in exchange buildings in small country towns and providing “directory assistance” work. This was done for customers by checking through pages of large-type directories before the introduction of computer databases (Eason, 1998: 6).

In 1996, Project Mercury suggested a reduction of the time that operator employees spent in coping with “non-core” inquiries from its customers. Non-core business in Telstra means business that was not a central part of telecommunications. Mr. Colin Cooper (CEPU, Communications Division President) stated that job cuts would hit rural areas early with the closure of call centres. He added:

After 1996, we warned that Telstra was moving to close many of its call centres. But Telstra kept denying it had any specific plans to do so. Now, they have identified this as a key area for cost savings...Most of employees who worked at the call centres were women who would find it especially difficult to gain other employment.⁴³

A senior CPSU union official and two senior CEPU union officials expressed how outsourcing affected the female Telstra employees in operator services. Among them, John and James pointed out how privatisation affected female employees who served in Telstra call centres:

As to precarious employment for women in privatisation, there are the predominant numbers in the contract in the call centres than men. And they have a greater, there's the threat hanging over their job that their jobs could just be privatised, more easily to another private call centre. So, that it's made their life much more precarious (John, Male, CPSU Middle Level).

I think it had more of an outsourcing affect on the female workforce because we had about a fifth of our members were employed in call centres and it was strange, the call centre workers in 1995-96 actually went up, as Telstra sought to use the call centres to enhance itself in terms of public image, that is, operators were actually asked to ensure they did everything to satisfy the customers (James, Male, CEPU High Level).

Furthermore, Alice found senior female employees were happy to leave Telstra arising from a very good redundancy package, unlike many redundancies imposed by Telstra management during privatisation.

⁴³ Marcus Browning, 'Dismembering Telstra', 15 March 2000, The Guardian.

I suppose from my branch membership, it is 99.9 % female. So it naturally is the female area and it's been with loss of jobs. There were a lot of people there who because there were not a lot of redundancies in the operator group for many years there were people at an older age who were looking to take redundancy. Should they have been offered, so Telstra actually did a clean sweep, they went round and said if redundancy was going to be offered how many of you would go. Of course, they'd put their hand up and then you'd find the next one (Alice, Female, CEPU Middle Level).

In 1996, Mr. Colin Cooper (The Divisional President of the CEPU) raised a question –“Are the job losses in the dominant telecommunications operations being balanced by new employment opportunities in other parts of the industry?”. He said “market growth means some new jobs are being created but it is simply not clear what the net effects and available figures for employment outside the major operators are, even though the recent Australian Bureau of Statistics (ABS) showed some growth (around 8.5 percent) in the total number employed under the Communications umbrella”.⁴⁴ As to contracting out the jobs at the call centre, Stephen Jones (CPSU communications assistant secretary) stated that difficult or time-consuming tasks were routinely hung up on or put back into the queue, while the consultants who spent too long with a caller were disciplined (AAP, 5 June 2000). This situation stemmed from the tremendous jobs cuts at the call centres.

However, outsourcing has affected both female and male Telstra employees. Mary (a senior CEPU union official) said:

Now, I'd say it's probably affected all areas equally, because certainly quite significant amounts of that traditional male work, such as technical division and Information Technology, has been outsourced to contractors (Mary, Female, CEPU Middle Level).

⁴⁴ Colin Cooper, 'Competition, Privatisation, Deregulation: The Union View of Current Industry Directions', 18-19 July 1996, The AIC Conference.

Peter (a senior CEPU official) had more experience in the union operation and served in a high level position within the CEPU. He said:

In Telstra, it is a very male dominated corporation for a start but I do not think there were any different privatisation effects between female and male employees. Initially the privatisation effects were the same because it was a question of jobs and males and females were being [made] redundant. In addition, it was a question of conditions of employment and everyone was affected in the same way in Telstra's privatisation (Peter, Male, CEPU High Level).

It can be seen from the above that privatisation seriously affected not only female Telstra employees (who worked in call center operations) but also male Telstra employees (who served in technical divisions of the workplace). Thus operators fell from 7,303 in 1996 to 1,912 in 2001 and the number of Telstra technicians dramatically declined from 19,649 in 1996 to 3,010 in 2001 (See Table 5.2). Male Telstra employees were seriously affected in privatisation.

Table 5.2 The Changes of Telstra's Workforce Structure (From 1996 to 2001)

Job classification	1996	2001	Change (%)
Administration	20,564	12,047	-41%
Tradespersons	493	20	-96%
Building services	539	0	-100%
Communications Officer	16,586	12,151	-27%
Customer field workforce:			
Drafting	286	2	-99%
Executive	1,099	900	-18%
Information Technology (IT)	2,766	94	-97%
Manager	1,640	3,532	115%
Materials Distribution Officers	609	0	-100%
Operators	7,303	1,912	-74%
Professional	2,602	962	-63%
Sales	1,874	2,310	23%
Technicians	19,649	3,010	-85%
Others	220	618	181%
Total	76,240	37,558	-51%
Network Design and Construction (NDC)		5,642	N/A
Total (including NDC)	76,240	43,200	-43%

Note: Communications Officers includes linesman and basic telephone installation work; The Professional figure for 1989 was obtained by combining totals for professional and engineers, as these were previously recorded as separate classification; Total workforce= All full-time and part-time workers; Source: Telstra Corporation: 1996/1997 Annual Equal Employment Opportunity Report to the Minister for Communications and the Arts, p.22 and Telstra 2001 Annual Review: Our Vision is Clear, p.22.

In 2004, Telstra prepared to move hundreds of IT jobs, mainly staffed by male Telstra employees, to India. At that time, Telstra explained the agreement to relocate approximately 450 jobs offshore was an extension of the prevailing outsourcing plan in collaboration with software consultants IBM, to send much of the work done in Australia to its service operations in India.⁴⁵ On 14 January 2004, Treasurer Peter

⁴⁵ Jack Taylor, 'Australian telecom giant under pressure for switching jobs to India', 14 January 2004,

Costello warned Telstra would need a good reason to move job offshore and show that they cannot find adequate Australian employment opportunities and Australians to fill them.⁴⁶ At the same time, two Telstra unions (CEPU and CPSU) strongly opposed the plan laid out by Telstra management. Mr. Len Cooper (Victorian Branch Secretary in the CEPU) said:

The issue here is that Telstra is totally focused on the needs of the big institutional shareholders, which also includes the federal government of course...that's really their motivation here, to drive up the bottom line as quickly as possible to prepare the ground for privatisation.⁴⁷

Stephen Jones (CPSU communications division secretary) announced:

We are calling on the Treasurer to exercise the Commonwealth's 51 percent share in Telstra...to ensure Australian jobs remain in Australia.⁴⁸

Although Telstra had a warning from Treasurer Peter Costello and the unions, after striking a deal that would send hundreds of IT jobs to India, Dr. Ziggy Switkowski (Telstra's CEO) said that "Telstra has no problems in outsourcing work to cheaper countries and over time, I expect we will do more of it" (report of AAP, 15 February 2004). Now, the female members of the CPSU and CEPU were also affected by outsourcing. In this situation, the CPSU and CEPU needed to take care of both their male and female members arising from job insecurity in privatisation. In the follow section, I will now explore how the CPSU and CEPU dealt with the job insecurity for their members in Telstra's privatisation.

Agence France Presse.

⁴⁶ Mandi Zonneveldt, 'Telstra snubs Aussie staff', 15 January 2004, Herald Sun (Melbourne, Australia).

⁴⁷ Ben Packham, 'Telstra under fire over outsourcing plans', 16 February 2004, AAP NEWSFEED.

⁴⁸ Mandi Zonneveldt, 'Telstra snubs Aussie staff', 15 January 2004, Herald Sun (Melbourne, Australia).

5.5 Industrial Activity

'Industrial Activity' was one of seven headings of the model developed in Chapter 2. This term is the first indicator of union effectiveness in this thesis. In the next section, I will explore whether the use of industrial action protected the interests of the CPSU and the CEPU during privatisation.

From July 1997 to August 1998, the CEPU was seeking a two year enterprise agreement delivering two 8 percent pay rises, assurances on job security and the retention of all existing working conditions, including those that had been reduced in the award simplification process.⁴⁹ Two senior union members in the CEPU describe how the CEPU prepared to call a series of rolling stoppages on 25 August 1998; one explains the basis of the industrial action in terms of wages and conditions:

Telstra had been intransigent over its position with the unions for the previous 15 months. They were only prepared to offer 2 percent, then two weeks before they came back with an offer of 4 percent but that was still unsatisfactory... Telstra was also demanding more flexible working hours; that was a stumbling block for many of the company's union members⁵⁰ (Mr. Brown, Assistant secretary of the Victorian Branch of the CEPU).

However, another union official feels that working conditions were a more important issue:

It is not about pay, it is about working conditions, job security and service to the customer... Telstra had cut 35,000 jobs, which had put more pressure on the workers that are left, they were getting a lot of agro from customers, who were getting their lines fixed on time and this was a major problem in the bush⁵¹ (Mr. McLean, the Queensland Branch Secretary of the CEPU)

⁴⁹ Judy Hughes, 'Telstra Staff line up for strike action', 13 August 1998, *The Australian*.

⁵⁰ Kevin Morrison, 'Employees Reject Telstra Pay Offer', 13 August 1998, *Sydney Morning Herald*.

⁵¹ Kevin Morrison, 'Workers At Telstra Plan Further Action', 14 August 1998, *Sydney Morning Herald*.

The CEPU timed the campaign to coincide with the expiry of all the 1997-1998 enterprise agreements from 1997 to 1998, covering approximately 50,000 members.

At that time, Mr. Len Cooper (Victorian Branch Secretary in the CEPU) said:

Industrial action would be targeted to have the maximum impact on Telstra's revenue, while protecting residential consumer and vital community services... Members' anger was fuelled by Telstra management's decisions to change some longstanding conditions of employment not protected by award.⁵²

On 25 August 1998, up to 60,000 members of the CEPU began a strike from midnight having failed to reach an agreement after more than 12 months debate.⁵³ In this action, the CEPU members organized a series of rolling 48 hour strikes around Australia. In addition, around 14,000 CPSU members, who came from the customer services staff, joined the CEPU's strike in separate industrial action. Mr. Colin Cooper (The president of CEPU's communications division) described this 48 hours rolling stoppage across Telstra:

CEPU members had not only gone on strike for the first time, they had also closed their hearts and minds to a management that had driven them to this action through its greed, shortsightedness and aggression. Telstra employees already worked some of the longest hours for one of the lowest pay rates in all OECD countries. This secure EBA protected the conditions of employees while delivering a decent pay rise that may not be on Telstra's list of never-ending demands, but the CEPU is committed to achieving this outcome.⁵⁴

Moreover, maritime union workers also marched to a rally at the 'Newcastle building' on 28 August 1998 in support of the Telstra employees, Welin (1998). Finally, the 1998-2000 EBA (T1628-1998) was signed with the Telstra management

⁵² Judy Hughes, 'Union takes on Telstra', 7 July 1998, *The Australian*.

⁵³ Brad Nortington, 'Phone Face Disruption As Rolling Strikes Hit Telstra', 25 August 1998, *Sydney Morning Herald*.

⁵⁴ Colin Cooper, '48 Hour Strikes Hit the Mark- Overwhelming response from CEPU members', October 1998, CEPU Communications Division, *The National*.

after this strike.

On 7 October 1997, the CPSU and CEPU, who represented more than 90 percent of Telstra's workforce, planned industrial action over "enterprise bargaining". At that time, the CPSU recommended a one-day strike on 17 October 1997 to force Telstra's hand on the enterprise bargaining issue. However, the CEPU asked their members for a "blank cheque" to conduct industrial action, an action it hoped would "rattle the cage" in Canberra ahead of Telstra's partial privatisation.⁵⁵ Thus the CPSU and the CEPU chose to use the weapon of industrial action to oppose Telstra on the enterprise bargaining issue. However, as two union officials in the CEPU explain, they chose political action to oppose the government's policy of privatisation, rather than industrial action:

In the 1997 Telstra privatisation our response was purely on a political level and [it was] the same in 1999 Telstra privatisation. So we haven't at any stage attempted to oppose privatisation industrially. We were not successful in opposing the original thirty three percent sale of Telstra shares (Mary, Female, CEPU Middle Level).

We could not just go on strike. There are some provisions that prevented us. Otherwise, we'd be sued and it could be back in 1997, especially after Howard's been in [power] (Barry, Male, CEPU High Level).

As mentioned in the literature of Chapter 2, many Australian unions have traditionally relied on political means rather than industrial actions. In a restructuring environment, however, the use of industrial action is a useful tool for unions to protect employment interests for their members. In August 1998, around 14,000 CPSU members joined the CEPU's (6,000 members) strike after more than 12 months of

⁵⁵ Collins L, 'Brokers in Stampede for Telstra Share float', 7 October 1997, Courier Mail (Queensland, Australia).

bargaining which had failed to reach agreement on a new deal. The 1998-2000 Enterprise Bargaining Agreement (EBA) was successfully concluded after this strike. Strikes underpin the use of collective bargaining, by forcing recognition and imposing costs on firms who fail to make agreements with their employees, according to Dabscheck (1995). It shows that the use of industrial action stirred the emergence of 'External Solidarity, such as the strength of the CPSU's branch and non-telecom support (such as the maritime workers), and eventually protected the interests of the CPSU and the CEPU during privatisation (e.g. the 1998-2000 Enterprise Bargaining Agreement).

5.6 Political Activity

'Political Activity' is the second indicator of union effectiveness in this thesis. The effectiveness of political action used by unions has to incorporate long-term strategies to influence general voters and law makers (Masters, 1998: 341). My research shows that the CPSU, the CEPU endorsed differing political activity at varying times, even though these unions have adopted industrial action to influence the employer-employee relationships in response to restructuring environments. In the following section, I will examine whether the CPSU and CEPU used political action well, in order to delay or stop the progress of privatisation.

After the Telstra 1 sale, the Howard government announced that it would seek an explicit mandate from the Australian people at the next election to enable Australians a further chance to buy shares in Telstra, on 15 March 1998. At that time, they would pursue legislation to enable a float of the remaining 66 percent and would refer the legislation to a Senate Committee. Jenny (a senior CPSU union official) who was

deeply involved in 1999 Telstra privatisation described what kind of political strategies the CPSU used to respond to it:

We put a lot of focus on lobbying the independent senators and those that held the balance of power, for example, the Australian Democrats; people like Brian Harradine and Mal Colston. At this stage, they had left Labour Party. We had petitions and delegations that went to meet the Senators, union officials meeting to formally lobby Senators as well. So that's the types of activities we undertook to get the Senate to vote down, to not support the full privatisation of Telstra (Jenny, Female, CPSU High Level).

Two unions officials (John and James) depicted how the CPSU and CEPU responded to the issue of selling the remaining 66 percent of Telstra shares. John (a senior CPSU union official) said:

The CPSU involvement in Telstra privatisation was to lobby politicians in the senate and in the lower house and the National party to stop them from going ahead with it. The CEPU also ran very strong campaigns during the federal elections, opposing the election of the current [Liberal] government because they were going to privatise Telstra (John, Male, CPSU Middle Level).

James (a senior CEPU union official) said:

The CEPU obviously liaised quite a bit with the political wing of the labour movement which is the ALP. The CEPU campaign in Telstra privatisation at a political level the actual privatisation succeeded on the basis of an ALP senator defecting, as it were, essentially the CEPU could only try and apply pressure through political levels on those particular people because one of the main defectors was the ALP senator from Queensland Mal Colston, the CEPU also did quite a bit of work in Tasmania as well on Brian Harradine (James, Male, CEPU High Level).

From the interviews of John, Jenny and James, the CPSU and CEPU used various forms of political action to oppose Telstra sale, such as lobbying politicians in the Senate, the Lower House, and the National party. According to the interviews, it is

clear that the successful political strategy of lobbying senators came from the CEPU rather than the CPSU. The CEPU obviously liaised quite closely with the ALP.

However, a single political action was insufficient to respond adequately during privatisation. In the Telstra case, the CEPU used two other strategies well with its political actions opposing privatisation, besides lobbying politicians: mobilising public opinion and maintaining a consistent line in their publicly – that selling Telstra would not be beneficial for Australia. Thus a senior CEPU union official describes how the CEPU mobilised public opinion in response to the 1997 and 1999 Telstra privatisations:

We have responded in the main to mobilise public opinion and political opposition to the sale. So, we've run very major campaigns out in the electorate, amongst the population; explaining to them the dangers of privatisation. We think that we've contributed fairly significantly, with strong feelings because all the polls are still showing seventy percent of the population are opposed to privatisation. We've had some limited industrial action over the years but we've mainly concentrated on political and public campaigns (Peter, Male, CEPU High Level).

In terms of the latter strategy of political action used by the CEPU the focus on the lack of any public benefit of privatisation was particularly focused on 'If Telstra is sold off, it will not bring any benefit to the Australian community' (Barton, 2002: 58). As a high level union official in the CEPU explains why Telstra should be retained in government hands. He said:

The problem was that they'd expanded that argument and everyone knew that if they sold the rest then it would be lost to foreign capitals (Peer, Male, CEPU High Level).

In addition, not all the Senators will always stand on the same side as the unions' all the time on the Telstra sale, according to one CPSU middle level official:

the Senate is stopping full Telstra privatisation. Obviously the CPSU did not succeed in stopping privatisation because I think it was Harradine from Tasmania, Senator Harradine who was the key person who agreed to go along with the privatisation (John, Male, CPSU Middle Level).

In previous studies, the effectiveness of union recruitment drives, collective bargaining, and political action is often directly proportional to the level of membership commitment (Paquet and Bergeron, 1996: 3). It seems that using multiple resources with political action could be an effective response to privatisation rather than focusing a single strategy, such as lobbying Senators.

5.7 Inter-Union Solidarity

‘Inter-Union Solidarity’ is the third indicator of union effectiveness in this thesis. This term is similar to the concept of ‘External Solidarity’, one of local union power resources (Levesque and Murray, 2002: 46). ‘External solidarity’ incorporates the building of alliances among unions, community groups and the social movements. This kind of solidarity is in contrast to ‘internal solidarity’. In the next section, I will examine whether the CPSU and CEPU sought national and international union support to respond to Telstra’s privatisation aspirations.

5.7.1 Unions submission to the Senate about 1997 Telstra’s privatisation

In June 1996, the CPSU and CEPU lodged a joint submission with the Senate Environment, Recreation, Communication and the Arts, Reference Committee, in order to oppose Telstra’s initial privatisation sale. However, this cooperation with joint submission was not sufficient to prevent Telstra’s privatisation. The success of the initial Telstra sale increased the confidence of the federal government in its privatisation policy and on 15 March 1998, the Howard Government decided to

continue to sell the remaining 66 percent Telstra shares. The Howard government introduced the Telstra (Transition to Full Private Ownership) Bill 1998 into the Parliament on 30 March 1998.

5.7.2 The Unions' submission to the Senate Enquiry regarding 1999 Telstra's Privatisation

In responding to Telstra's second round of privatisation, there were significant problems in cooperation between the CPSU and CEPU. In addition, different union structures resulted in different identities. For example, the origins of Australian occupational unions, such as CEPU had legal boundaries imposed to prevent them recruiting outside the registered workplace (Probert and Ewer, 2003: 105). Telecom unions in Australia only looked after the employees hired in the firm (Chu, 2000: 4). However, after amalgamation, the CPSU and CEPU were forced to take care of a wide range of members across industries. In line with this, different members have different needs.

After the 1997 Telstra sale, the CPSU and CEPU decided to make separate submissions to the Senate Environment, Recreation, Communication and the Arts Reference Committee. In April 1998, the CEPU handed in a submission on the Telstra (Transition to Full Private Ownership) Bill 1998, to the Senate Environment, Recreation, Communications and the Arts Legislation Committee. In this submission, CEPU was representing around 42,000 Telstra employees. This figure was more than the mid-1990s. At that time, the CEPU had 35,000 members at Telstra, as mentioned in early Chapter 5.

In theory, the task of unions has always been to reconcile a multiplicity of interests in order to avoid sectionalism and to build a broader solidarity (Levesque and Murray, 2002: 54). Solidarity is built through dialogue and democratic organization, but also

through lateral and vertical coordination among unions and the community. However, in practice, inter-union solidarity did not mean unions responded adequately in a changing environment. For example, as mentioned, the CPSU and the CEPU chose a joint submission to the Senate Environment, Recreation, Communication and the Arts, Reference Committee, in order to against Telstra's privatisation sale in June 1996. Subsequently, one-third of Telstra shares released in November 1997, and then the Howard Government decided to sell the remaining 66 percent Telstra shares on 15 March 1998.

However, a strategy of cooperation in the submission between the CPSU and the CEPU was not successful in opposing privatisation, because of the restricted ability of the CPSU, bad relationship between the CPSU and the CEPU at Telstra, and the militant nature of the CEPU. Firstly, in terms of the ability of the CPSU, Barton (2002: 72) argues that the CPSU could not protect members' interests well because of lack of resources, inexperience in dealing with the new approaches, conflict with the CEPU on coverage and other issues, and differences between states in their commitment to the 'Participative Approach'⁵⁶ (PA). Secondly, the relationships between the CPSU and the CEPU had deteriorated with the passing of the PA. A senior CEPU union official with experience Middle level and High level for more than 20 years describes the relationship between the CPSU and the CEPU at Telstra:

The relationship between the CPSU and the CEPU is not good, it is very uneasy because we see that, in some of parts of Telstra, we see each other as competitors. But we're able to maintain a single bargaining unit in negotiation despite the tensions, we work together to try and get decent agreements for the employees (Peter, Male, CEPU High Level).

⁵⁶ The implementation framework and strategy of the 'Participative Approach' have been developed to put into effect the principles agreed to by all parties at the Lorne Conference on 17 March 1994, ratified through both Union and Telstra processes, and known as the Statement of Intent.

Thus it can be seen that it was a difficult task for the CPSU and the CEPU to cooperate in opposing Telstra's privatisation because of their rivalry.

Thirdly, the CEPU had a tradition of militancy, having won a decisive industrial battle in the 1970s over the introduction of technology and wages and having used this approach to secure significant increases in wages and benefits for members (Barton, 2002: 73). Most important of all, mergers did not succeed in stemming the decline of membership in response to the challenges of the 1990s (Anderson et al., 2002: 18). As a result, the union turned to a new strategic response, the introduction of the organising model, a concept promulgated by the ACTU Organising Centre from 1994 onwards.

In response to 1998 Full Telstra privatisation, the CPSU and the CEPU made separate submissions to oppose it and eventually, successfully delayed the progress of 1998 Full Telstra privatisation. The CPSU selected a recruiting strategy, that is, following their members into the private sector. Since the 1990s, the membership coverage of the CPSU has been much broader than the public sector and incorporates call centres and the privatised telecommunications industry (Anderson et al., 2002: 19-20). These results show that the inter-union split did not necessarily mean unions responded inadequately to privatisation. As Gall (1998: 154) notes, 'sectionalism can be a barrier to achieving the support of one group of workers for another i.e. creating solidarity, but it can also play a positive role'. Thus, the CPSU and the CEPU still could win a victory in response to privatisation despite the inter-union split.

5.8 Intra-Union Solidarity

'Intra-Union Solidarity' is the fourth indicator of union effectiveness during privatisation to be mentioned in this thesis. In addition, intra-union solidarity is related to the concept of 'internal solidarity' used by Levesque and Murray (2002: 46), mentioned in Chapter 2. In their definition, internal solidarity encompasses the various forms and degree of membership participation, the existence of delegate and steward structures, the methods of communications between workers and leaderships, and more generally, the relationship between workers and their union. If union renewal is to occur, it must broaden their agenda and reorganise to suit the diversity of members' needs and views (Bradley, 1994: 51).

Traditionally, telecom union members are predominantly males, and in the past union policies have been controlled by the interests of one group: skilled, male, activists (Bradley, 1994: 51). In the following section, I will examine whether the CPSU and the CEPU treated all members' interests equally during privatisation.

5.8.1 Telstra's Organisational Restructuring

Telstra management responded to the prospect of partial privatisation in 1996 by proposing strategies to restructure the company. In the mid to late 1990s Telstra reduced the number of semiskilled workers, such as operators, and skilled workers, including IT and technical employees (Ross, 2003: 128). Such strategies aimed to reduce labour costs. In the research by Ross and Bamber (2000: 8-9), they identified four elements are helping to understand Telstra's restructuring approach during privatisation. Firstly, highly skilled staff is being retained, but their work locations are being centralised. Secondly, much of the work performed by less skilled staff is being outsourced. In general, Telstra operators have obtained higher remuneration than

those in similar jobs in the private sector. Thirdly, Telstra workers have been moved into subsidiaries and joint ventures to foster a more competitive environment for first and second tier suppliers (e.g. those providing directory services). In 1999, a new subsidiary, Network, Design and Construction (NDC) was established. Fourthly, Telstra workers have been moved into joint ventures and strategic alliances as a way to gain knowledge of new technologies.

5.8.2 Telstra restructuring and its impact on call centre employees

Call centre operations had always been part of Telstra’s core workforce. In 1996, Telstra employed 7,303 operators (see Table 5.3). In the 1998 Telstra annual report, Telstra advised that call centres operations were non-core work, and subsequently they began to outsource work to the joint venture, “Stellar”.

Table 5.3 Changes in Operator workforce of Telstra (1996 to 2001)

	1996	2001	Change (%)
Operators	7,303	1,912	-74%

Source: 1996 Telstra annual report; 2001 Telstra annual report

In the late 1990s new technology permitted Telstra to centralize its call centres (Ross, 2003: 122). Between 1998 and 2000, the number of its operator- assisted call centres declined from 63 to 52 centres (Telstra, 1998: 11; Telstra, 2000: 20). Mr. Colin Cooper (President, CEPU Communications Division) criticised Telstra’s strategy thus:

Job shedding would compromise Telstra’s ability to meet its universal service obligations. This will have a big effect in regional Australia. That is where a lot of those jobs will be cut as services to those areas will become less than a secondary consideration.⁵⁷

⁵⁷ ‘Cut Will Hit Service, Says Unions’, 9 March 2000, Australian Financial Review.

The task of employees in call centres was regarded as semi-skilled work, as new operators could usually be educated relatively swiftly (Ross, 2003: 122). Bruce Free (Telstra Corporate affairs manager) depicted the working conditions of the Telstra's call centres, according to a press report:

Staff members who needed to go to the toilet outside of their break needed to ask their team leader...We certainly know there are people working within the call center framework who are working under extremely stressful conditions.⁵⁸

Another press report stated that Dr. Jocelyne Scutt (then anti-discrimination commissioner of Tasmania) described the features of employees in call centres:

Call centers - which are often staffed largely with women - were an area of the work force where women's rights needed strengthening... call center workers were under a "concrete canopy", [that] loomed above people in low-paid jobs - most of which were filled by women.⁵⁹

In October 2003, a press report described the employment situation for call centres employees who served in Telstra regional areas:

Many workplaces had a high turnover of casual staff, who were not always aware of their rights... Our concern is that call centers are popping up all the time, especially in regional areas with low employment, giving them a ready-made, exploitable, potential workforce.⁶⁰

Cherry, a call centre operator in Stellar, described the practical work of call centre employees, in similar working conditions to Telstra call centres:

⁵⁸ Anne Barbeliuk, 'Tassie workers concerned over call center laws NEWSBREAKER', 12 August 2000, Hobart Mercury (Australia).

⁵⁹ ANNE BARBELIUK, 'Tassie workers concerned over call center laws NEWSBREAKER', 12 August 2000, Hobart Mercury (Australia).

⁶⁰ Susie O'Brien, 'Call center bullies; Workers flood hotline', 18 October 2003, Herald Sun (Melbourne, Australia).

I enjoyed the type of work, but 40 hours, on the telephone, dealing with people - and a lot of them would be complaints - it was just too tiring, too exhausting. There was no time off in that 40 hours. I mean you had maybe a 40-minute lunch break in that time, but it was not enough, it was just too draining. We were watched over, looked on and felt like we were being spied on, to see if we were going to “pull a fast one” or say something wrong, or take two minutes out for ourselves. We were supervised to the extreme.⁶¹

From the information above, it can be seen that the Call Centre employees who served in Telstra confronted extremely stressful conditions, such as strict constraints on call centre employees going to the toilet, and intensive working hours.

5.8.3 Telstra restructuring and its impact on technicians

In the mid 1990s, Telstra began making its technicians redundant and subcontracting out the work, as part of a cost-cutting strategy.⁶² In the early to mid-1990s the outsourcing of technical work was restricted to lower skilled work. This tactic altered in the late 1990s when Telstra started to outsource an increasing amount of its technical work to external contractors. Meanwhile, this strategy was reinforced by Telstra’s decision in 1999 to shift its network construction and maintenance work to the new subsidiary NDC (Ross, 2003: 125).

Network Design and Construction (NDC) employees in October 1998 (about 7,000 nationally) worked on Telstra’s \$3,36 billion Future Mode of Operations (FMO) project – the digitalization and modernizing of the entire network over five years which was due to be finished in 1999. Mr. Anton Jones (Telstra’s Corporate Affairs

⁶¹ Noel Holt, ‘Australian call centers-sweatshops of the electronic age’, 14 May 2001, <http://www.wsws.org/articles/2001/may2001/call-m14.shtml>. Please note: Cherry was referring to “time off during working hours”. She did not mean she worked 40 hours non-stop.

⁶² Katrina Nicholas, ‘How the Union Outfoxed Foxtel’, 17 April 2004, Australian Financial Review.

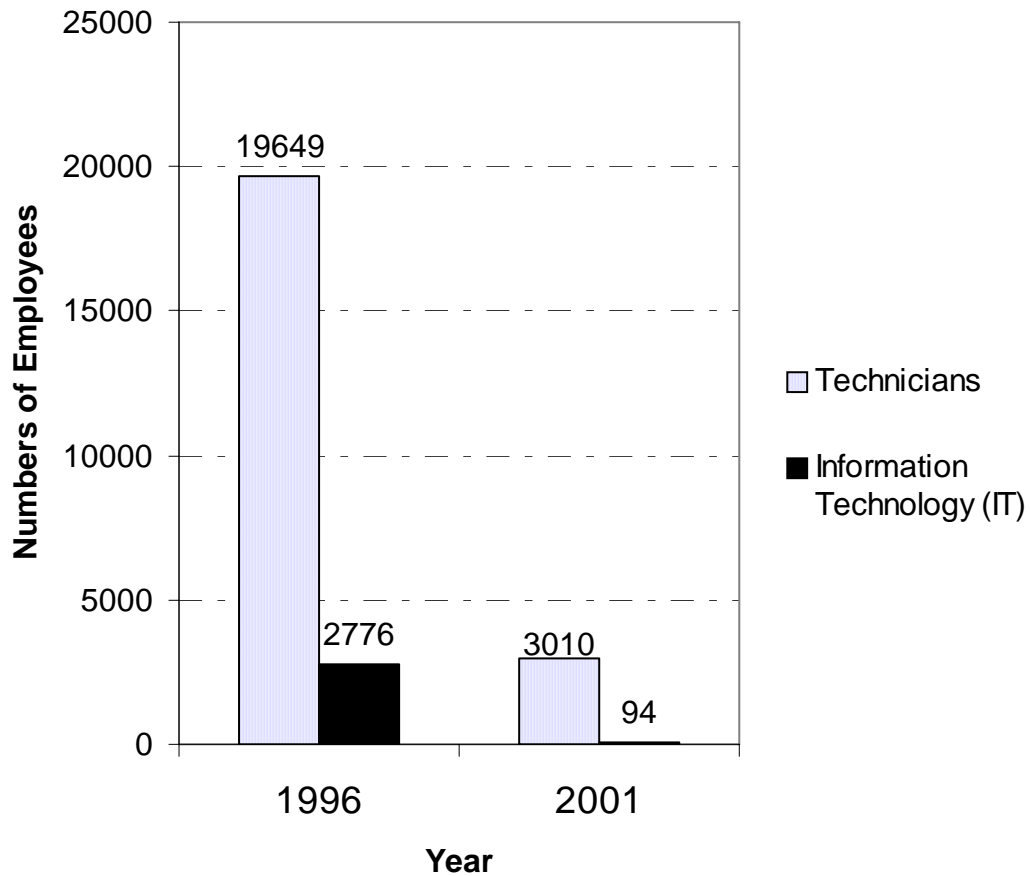
Officer) describes it thus:

That (the FMO project) is a major source of work in that division so now that's ending. We had to do a feasibility study to determine the future of the NDC. There had been several possibilities listed in the study including a joint venture or commercializing the division to be subsidiary company of Telstra.⁶³

In 1999, Telstra's outsourcing strategy led it to move its network construction and maintenance work to a wholly owned subsidiary, NDC Ltd., which could compete with third-party providers to offer services to Telstra (Ross, 2003: 125). The NDC was responsible for designing and building the infrastructure of Australia's vast telecommunications network. In the same year, there were approximately 7,200 technicians who faced job losses from Telstra's core firm (Ross, 2003: 125). Figure 5.1 shows the technicians employed by Telstra reduced by more than 16,000 compared with 1996 and 2001.

⁶³ Templeton R, 'Telstra SELL-OFF CLAIM', 18 October 1998, Sunday Mail (Queensland, Australia).

Figure 5.1: The Changes in Technicians and Information Technology Workforce of Telstra (From 1996-2001)



Source: 1996 Telstra annual report; 2001 Telstra annual report

On 21 January 1999, Mr. Colin Cooper (National president of the CEPU) describes the decision of Telstra management to spin off its NDC employees, according to a press report:

Since Telstra was committed to exposing NDC to outside competition and planned to reduce network expenses, the only way to maintain jobs was to allow NDC to compete or work outside... Otherwise [NDC] would just gradually get white-anted away and members would end up without jobs... The CEPU did expect a small number of jobs would be lost but said employees who accepted Telstra's offer to resign and join the new company were not expected to see a change in working conditions.⁶⁴

⁶⁴ Grant Butler, 'Telstra To Spin Off Construction Division', 22 January 1999, Australian Financial

A senior CEPU union official describes how the working conditions of his union members got worse during privatisation:

For Telstra technicians, they've gone down a similar path but in "the field", that is [through] measurements by statistics. That is Telstra relied heavily on trying to tailor the work and say that a particular type of work should only take a finite length of time (James, Male, CEPU High Level)

The greatest complaint that we had from our members about the workplace is their inability to control their work, and also their problems in dealing with dispatch systems and the statistical measures that are applied to them.

A Telstra call centre worker (Shirley) in Ballarat, said " the industry was ideal for development in rural and regional Australia.⁶⁵ But she also warned that "standards were required to ensure the community was not destroyed". A press report depicted that Richard Staples, 43, a Telstra technician for 26 years, was facing redundancy in 1997. His work was at the operation center in Flinders St., Adelaide, which is responsible for monitoring and maintaining the telephone network for South Australia and Northern Territory. The center would close if a "super center" were set up in Melbourne. At that time, His wife described the feeling when Richard Staples received a redundancy notice from Telstra:

It just would not be fair on the kids. All our family ties are here. We're involved in the community with different sporting clubs. Our life is here. Now they are saying that if you want a job you have to go Melbourne. But we have not been given a guarantee of how long that will last.⁶⁶

In a similar way, a press report described that Mr. Laurie Bondeson left the technical division in August 1997, after 37 years with Telstra. He was classified as a voluntary retrenchment but it was not a particularly happy time. He said:

Review.

⁶⁵ 'ACTU Sets Code For Call Center Conduct', 14 November 2000, Illawarra Mercury (Australia).

⁶⁶ 'Technician faces family crisis', 15 December 1997, The Advertiser.

I started to understand how customers feel when they complain about the organization being big and unhelpful... I suffered some real psychological damage going through it.⁶⁷

This situation was the same as with a senior CEPU union official who describes the real situation facing Telstra female employees who took the voluntary redundancy offers:

Most women chose to leave in the first rounds with voluntary redundancy offers. That was because they generally had children and their husbands had jobs. So, therefore, women left voluntarily. But these decisions are not very voluntary (Paul, Male, CEPU Middle Level).

In April 2003, the press reported that Telstra planned to cut up to 1,000 jobs from its infrastructure service division as it raced to cut costs to meet its full-year earning target. Among its staff, the redundancies were expected to affect technicians and other employees involved in the upkeep of its telephony network. Laurie Chalker (Branch President of the CEPU) said:

Telstra uses contractors including ABB, Transfield, Skilled Engineering, Alston and Siemens/Thiess. These Contractors often used subcontractors, resulting in cost saving for Telstra but poor maintenance... It makes sense to keep contractors in areas like Darwin, where it's costly to keep staff there full-time but where there are times when you need a lot of staff, like during the cyclone season. But elsewhere, contractors are getting the work while Telstra staff are starved of it. Telstra uses contractors because they think it's cheaper but the network is a mess there's Band-Aid on Band-Aid.⁶⁸

From the above, it can be seen that the Telstra technicians faced worsening working conditions, arising from the strategies of cutting jobs and outsourcing as imposed by management. They also faced worsening conditions, including relocation of

⁶⁷ John Kavanagh, 'The big payout/ and how to spend it', 14 March 1998, *The Weekend Australian*.

⁶⁸ Katnina Nicholas and Marcus Priest, 'Telstra Axes 1,000 To Meet Forecast', 11 April 2003, *Australian Financial Review*.

workplaces, and an increased workload.

5.8.4 How did the CPSU and the CEPU treat their members who served in Telstra' call centres and technicians due to privatisation?

In response to privatisation, the CPSU adopted several innovative strategies to protect employment interests for Telstra call centre employees, such as organizing a petition, getting a delegation of people meeting with management, people wearing a badge or sticker or sending a fax or email to a particular person in Telstra.

Besides female employees who served in Telstra call centres, the CPSU was also concerned with predominantly male members' interests who serve in Telstra technical areas. For example, in January 2004 a press report showed that Telstra faced huge political and union pressure to reverse a decision to move the jobs of information technology to India.⁶⁹ In this report, Adrian O'Connell (the CPSU National Secretary) condemned the politicians and the broader community to voice their dissatisfaction at the exporting of Australian jobs overseas: " we want politicians to let the community know where they stand on this issue ; do they think it is OK that hundreds of Aussie jobs disappear overseas? ; do they think it is in Australia's national interests to have our IT industry move overseas?"⁷⁰.

After expressing dissatisfaction about sending jobs of Telstra information technology to India, the CPSU decided to put the following demands to IBM and Telstra:

⁶⁹ Jack Taylor, 'Australia telecom giant under pressure for switching jobs to India', 14 January 2004, Agence France Presse

⁷⁰ Jack Taylor, 'Australian telecom giant under pressure for switching jobs to India', 14 January 2004, Agence France Presse

- IT jobs should be performed by Australians if skills are available in Australia;
- Foreign nationals brought to Australia must be employed on exactly the same terms and conditions as Australian workers;
- Workers employed overseas on any outsourced contracts must be guaranteed International Labour Organisation (ILO) approved terms and conditions in their own country;
- There must be no forced redundancies at IBM Australia as a result of work sent offshore to IBM India. All roles lost offshore must be managed by a company wide call for voluntary redundancies, allowing job swaps, retraining and part-time work, in consultation with the CPSU.⁷¹

From the above, it can be seen that the CPSU looked after male technicians as well as female operators even though they had few technicians and many operators. In the next section, I will examine whether the CEPU also treated all their members equally as the CPSU did in a restructuring environment.

For Telstra technicians, the CEPU made efforts to improve the working conditions. A senior CEPU union official describes how the CEPU dealt with stressful working conditions for Telstra technicians:

We tried to educate our members about what their rights and obligations were. We did that continually through the use of things like our newsletter to make them aware of what their rights are and to make them aware that management cannot over-step certain processes; and if Telstra do that they may actually be in breach of the law (James, Male, CEPU High Level).

In December 1997, a press report described that Telstra technicians were pressing for an improvement on Telstra's offer of a two percent pay increase in exchange for alterations to working conditions, which included working outside normal hours. Approximately 3,000 Telstra technicians walked off the job for 24 hours. Mr. Colin Cooper (The president of the communications division of the CEPU) said:

⁷¹ Stephen Jones, 'CPSU will fight IBM/Telstra offshoring', <http://itworkers-alliance.org/news/general/91.html>.

This action was a signal that some employees were running out of patience. The walk-out was a sign of a deteriorating government-directed industrial relations climate within the telecommunications [industry].⁷²

In addition, the CEPU adopted a strategy of industrial action to improve members' interests in Telstra's technical divisions. In October 1998, a press report showed that the CEPU advised that breakdowns were more likely across the state following work bans by Telstra technicians because the plan to relocate to Melbourne had been turned down.⁷³ Mr. Peter Colins (WA branch secretary of the CEPU) said:

The CEPU members [dominated by males] would still engage in industrial action, although the high-tech nature of the industry made strikes ineffective.⁷⁴

Moreover, in December 1999, a press report described how the CEPU wanted customers who had obtained bad service to lodge compensation claims worth \$50 million, saying it could create up to 5,000 jobs for its members. At that time, Mr. Ian McLean (The Queensland Branch Secretary of the CEPU) said:

We are talking with the Consumer Telecom Network about the wording of a postcard that can be filled in on the spot... If Telstra failed to cooperate with the CEPU over the compensation claims, members would consider industrial action.⁷⁵

Besides Telstra technicians, the CEPU put more effort into recruit members from Network Design and Construction (NDC) employees. In particular, the board of the Telstra Corporation decided to spin off its NDC division on 21 January 1999 in a bid to lower its cost structure and preserve 7,000 jobs. Mr. Colin Cooper (national

⁷² 'Business to be hit in Telstra walk-out', 18 December 1997, AAP NEWSFEED.

⁷³ Brad Nortington, 'Crossed Lines Over Cause For Phone Breakdown', 1 October 1998, Sydney Morning Herald.

⁷⁴ 'WA: INDUSTRIAL ACTION PLANNED AGAINST TELSTRA', 30 January 1998, AAP NEWSFEED.

⁷⁵ Audrea Carson, 'Complaints Urged To Create Jobs', 30 December 1999, The Age (Melbourne).

president of the CEPU) said:

NDC would just gradually get white-anted away... The CEPU did expect a small number of jobs would be lost but employees who accepted Telstra's offer to resign and join the new company were not expected to see a change in working conditions.⁷⁶

In November 2001, Telstra confirmed the job losses and proposed the sale of NDC. A press report stated that Mr. Graeme Sturgess (Tasmanian Secretary of the CEPU) remembered that period and he said:

NDC cuts were just the tip of the iceberg and a further 15 voluntary redundancies had been taken in the installation and repairs area in recent weeks, with more expected to follow.⁷⁷

In May 2003, a press report described that the CEPU discussed with Telstra management how to bring 3,000 NDC employees back into Telstra without losing working conditions, including their accrued service leave. Furthermore, Mr. Colin Cooper said there was:

...a new agreement negotiated for Telstra's infrastructure services division; a 10% pay rise for staff between then and December 2004; and secure superior working conditions for NDC workers who moved to Telstra.⁷⁸

Now, the NDC has come back into Telstra as the Network Design and Construction Group (NDCG). The company NDC Limited no doubt still exists as an entity, but there's very few people that work for it. A senior CEPU union official describes what the differences of working conditions of Telstra technicians and NDCG employees are:

⁷⁶ Grant Butler, 'Telstra To Spin Off Construction Division', 22 January 1999, Australian Financial Review.

⁷⁷ Kate Hannon, 'Telstra axes 315 regional jobs', 7 November 2000, Hobart Mercury (Australia).

⁷⁸ Rachel Libihan, 'NDC Workers' Conditions On The Line', 12 May 2003, Australian Financial Review.

Now, NDCG came back Telstra. So, the Telstra technicians and NDCG employees are all on the same enterprise agreements. There were minor changes to things like traveling time and also changes to their sick leave on full pay and two weeks half pay, NDCG went to two weeks full pay and that's it, but to compensate for that they had another provision that allowed for the granting of extended sick leave if required (James, Male, CEPU High Level).

A senior CPSU union official and a senior CEPU union official describe why the CEPU spent more effort to protect their male members because they had more technicians:

In CEPU, the membership traditionally includes the linesmen and technicians which is a predominantly a male force, so the CEPU did not see the issue of maternity leave as significant because they've got more male members than female members... But certainly amongst our members it's been quite an issue (Jenny, Female, CPSU High Level).

In CEPU, it was highly unionized in both Telstra technicians and NDCG areas with around eighty to ninety percent [unionism] (James, Male, CEPU High Level).

Compared with technician members at Telstra, the CEPU spent less effort than CPSU to take care of members' interest of Telstra call centers, such as the use of industrial action during privatisation. Two senior CEPU union officials mention the example of call centre employees to explain why unions could not use industrial action well to respond to Telstra's workplace restructuring. One claims that the strike could take place when a big issue arose where everybody was united. However the other disagrees and points out that the aim of employees in Telstra call centres was enjoy the job rather than adopting industrial action:

Most people in call centers are female. When it comes to the crunch, they do not want to do it. They fear that they may get sacked, or may not have a job. But if a big issues where everybody was united and everybody did, they would. It has to be something pretty severe for them to do that (Angela, Female, CEPU High Level).

... certainly we're [Telstra] there to earn money. But a lot of people are there because they enjoy the job that they're doing and that's being stripped away from a lot of people... In the operator area, it hasn't lengthened the span of hours for them; It's [set] at thirty-six and three quarter hours. They were at a thirty- four hours a week but Telstra went to thirty-six and three quarter hours [to save money] (Alice, Female, CEPU Middle Level).

In fact, the CEPU found it difficult to protect the employment interests of members in Telstra call centers because of low CEPU membership, as a senior CEPU union official explains:

In CEPU, there were not many people in call centers who are union people. So, a lot of them, its very hard to get [union] information to them (Angela, Female, CEPU High Level).

In Telstra's privatisation, the CEPU preferred to use industrial action to protect the interests of those who served in technical divisions, because the majority of members came from there compared with call center members. In contrast to the CEPU, the previous situation did not apply in CPSU, because the CPSU treated male and female members equally during privatisation, rather than the CPSU had equal number of male and female members. Thus, the CEPU could not obtain support of their very few female members who served in Telstra call centres, and this affected its strength of intra-union solidarity in opposition to Telstra's privatisation.

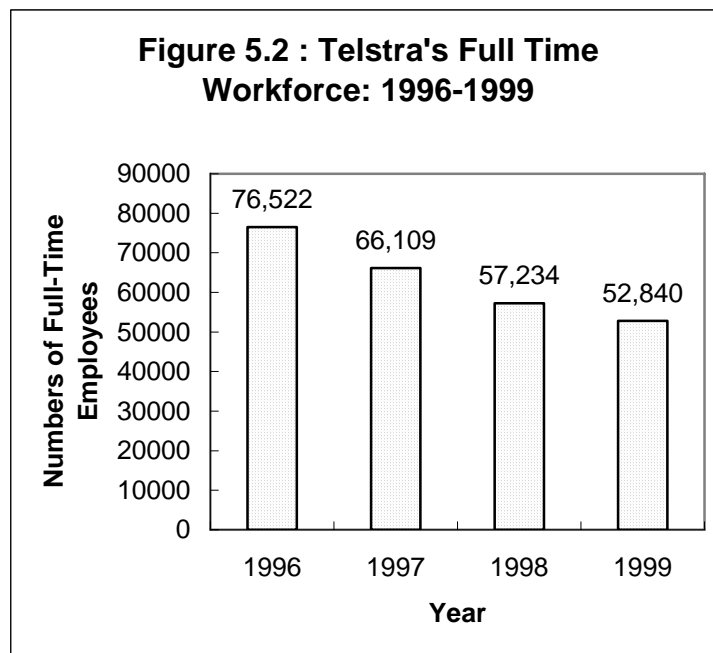
5.9 Service Activity

'Service Activity' is the fifth indicator of union effectiveness in this thesis. The negotiation of individual voluntary redundancy packages was part of the service activity of unions. In the 1990s, Telstra management provided a suitable package to its senior employees. Some senior union leaders are vital to union effectiveness because these unionists occupy decisive positions of power in the labour movement. If union officials fail to take responsibility for the current status of unions, this failure may

contribute to a persistent downward spiral of trade unionism into the future (Fiorito et al., 1997: 5). In the next section, I will assess whether the use of union officers' time in providing an advisory and negotiating service to individual members considering accepting a Voluntary Separation Package affected union effectiveness.

5.9.1 The Impact of Voluntary Redundancy Packages on Union Effectiveness

In the late 1990s, Telstra accelerated its downsizing program, as management sought to save money by reducing unnecessary labour expenses in the now partially-privatised corporation. In Figure 5.2 (sources: Telstra annual reports: 1996-1999), we



can see that Telstra reduced its full-time workforce by almost one third during 1996-99. This figure matched the goal of reduced workforce numbers as proposed in Project Mercury.

A senior CPSU union official describes how Telstra management reduced labour costs in privatisation:

Our membership fears are about job security. They could easily be sacked. Telstra would lose its commitment to manufacturing and to jobs in Australia. In addition, Telstra would take a much more aggressive corporatist approach. In privatisation, Telstra did not care for the staff as much as it used to (John, Male, CPSU Middle Level).

In the CEPU, one of my female interviewee's jobs was to prepare materials for campaigns in response to Telstra's privatisation. She also had experience in negotiating with Telstra management over privatisation policy. She comments on how Telstra management reduced unnecessary labour costs by outsourcing:

The two mechanisms in those first big waves of big job losses were through outsourcing on the one hand, and offering voluntary redundancy on the other (Mary, Female, CEPU Middle Level).

A senior female CEPU union official describes the attitude that Telstra employees took towards the voluntary redundancy offer by Telstra management:

I suppose there was a willingness on a number of people to go, because they were at an age where they could pay their debts off and still be comfortable. But those days are long since gone (Alice, Female, CEPU Middle Level).

Many senior Telstra employees took the voluntary redundancy offer thus allowing Telstra to achieve the job cuts goal of management, including allowing more, experienced, union activists to leave Telstra. What was the impact of these redundancies on the senior union activists?

A senior CPSU union official and two senior CEPU union officials explain why voluntary redundancy packages were attractive to senior Telstra employees:

It was much better than what had previously existed, previously people would be able to get two weeks pay for every year of employment up to a maximum of one year's redundancy pay, Telstra brought in a proposal which was four weeks pay for the first five years, followed by three weeks pay for every year of service up to a maximum of eighty four weeks (John, Male, CPSU Middle Level).

Voluntary redundancy would be attractive to older employees who were about to leave the Telstra workplace, who suddenly got an extra hundred thousand dollars. Thus, the voluntary redundancy package would be particularly attractive to well paid older Telstra employees (Mary, Female, CEPU Middle Level).

It was a very good redundancy package for senior Telstra employees. It really set the pace for the industry, and it was eighty-four weeks [pay]. The Federal government wanted to make it eight weeks, so we won (Stewart, Male, CEPU Middle Level).

However, Peter (a senior CEPU union official) points out that “the senior employees gladly took the voluntary redundancy offer by Telstra partly as a result of deliberate anti-union, anti-worker policies of management”, adding:

The voluntary redundancy offer created a bad environment in Telstra to work and when the opportunity came to get redundancy pay out- and it was a very big redundancy package because the union won that in the early nineties (before the start of privatisation)-, many people decided they did not want to work for the company any more and they took the redundancy (Peter, Male, CEPU High Level).

In fact, Telstra management used an improved voluntary redundancy package to encourage senior Telstra employees to leave. A senior CPSU union official and two senior CEPU union officials describe how, when these senior employees left Telstra, the company weakened the unions’ effectiveness in response to privatisation issues.

Most of our members were longer term employees and they were prepared to take the redundancy money. We tried to fight and take action to stop these employees leaving the CPSU because most of them were union activists who had practical experience in resisting Telstra’s privatisation (John, Male, CPSU Middle Level).

We lost (in those first waves of redundancies during 1996) a lot of our more experienced activists and quite a lot of our shop stewards. People who had a sense of the history of the union and of past struggles and so on. So that did weaken us (Mary, Female, CEPU Middle Level).

In Telstra's privatisation, the absence of senior Telstra employees did have an influence. And one of the difficulties we did have was that is we did not want the employees to leave, but we won them such as good package [that] some them were happy to go...These senior Telstra employees who were around a long time had grown up in the period of the 50's, 60's and 70's had very much the culture of trade unionism. The new ones coming have not got the culture and so it did influence the effectiveness of the CEPU (Stewart, Male, CEPU Middle Level).

It affected us in two ways. It affected us in that we lost a lot of experienced union activists. Apart from the fact that because of the very oppressive environment inside Telstra: a lot of people dropped out of activity; decided they did not want to be union activists; [Telstra] put the pressure on them. But it also affected us in that there were so many tens of thousands of employees who left that our membership dropped. So our income dropped. So the union was weakened on a number of fronts (Peter, Male, CEPU High Level).

These comments illustrate how the loss of senior Telstra employees, who were also union activists, weakened the union's effectiveness to respond to privatisation. These employees were the most experienced union activists, who formed the backbone of the unions' workplace organisation.

5.10 Partnerships with employers

'Partnerships with employers' is the sixth indicator of union effectiveness during privatisation in this thesis. From the literature, the strategy of entering into 'Partnerships with employers' operates at national, industrial or workplace level and may allow unions to pursue new kinds of interest, as mentioned in Chapter 2. A union may decide to cooperate with employers, because this may overcome the negative image which is that unions are connected with conflict and militancy. This in turn could diminish both employees and employer antagonism towards unions (Frege and Kelly, 2003: 9). In the Australian context, the introduction of a worker participation approach by the Telecom management in the 1980s allowed unions to influence certain management decisions (Chu, 2001: 374) but at the cost of any militant stand

against the employer. In the next section, I will examine whether the CPSU and the CEPU increased their power to protect members' interest during privatisation, when they adopted a cooperative tactic with employers.

5.10.1 Unions Cooperation with Employers and Union Effectiveness during Privatisation

In 1994-1995, Telstra management attempted to cope with pressures for change and manage union resistance by working in a partnership with the unions. The central elements of the 'Participative Approach' were consultation, formalised in the 1994/1995 (Print No.T0520-1994) and 1995/1997 Enterprise Bargaining Agreements (Print No.M6722-1995) (EBAs).

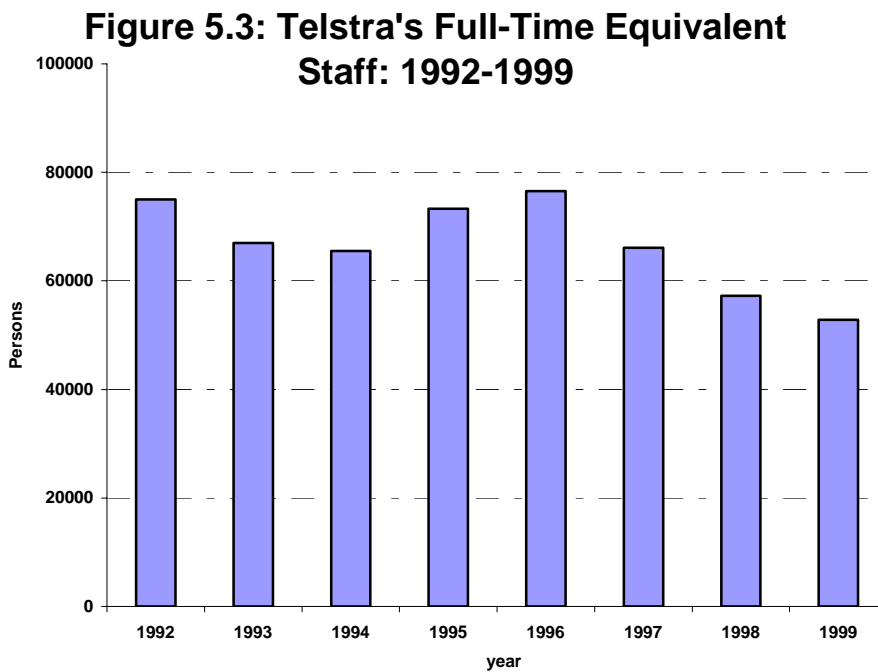
In Telstra, total employment reached its height in 1986 at about 96,700 (including approximately 2,200 Overseas Telecommunications Communications (OTC) Staff. By early 1994, these numbers had been reduced to 67,000 subsequent to what the CEPU named "a major slash and burn exercise".⁷⁹ However, the 1994 'Lorne Statement of Intent' assisted the unions to secure a 4.5 percent pay increase within the 1994-1995 Enterprise Bargaining Agreement (EBA). In addition, the unions obtained another substantial pay increase of 11 percent over two years, in the 1995-1997 EBA (See Table 5.4). And In mid 1995, the permanent workforce increased from 65,500 to 73,300, between 1994 and 1995 (See Figure 5.3). This employment increase has been attributed to a reaction to the previously excessive cuts and Telstra's expanded capital expenditure, particularly in certain product markets - most remarkably Pay-television and mobile telephones (Eason, 1997: 52).

⁷⁹ CEPU (Communications, Electronic and Plumbing Union) (1998), 'Howard's Telstra Sell Off', <http://www.magna.com.au/~dwyer>, 3/3/98.

Table 5.4 Enterprise Bargaining Agreements in Telstra: 1994-1997

Enterprise Bargaining Agreement	Main Contents
1994-1995 'Telstra Corporation Enterprise Agreement	Introduces the Participative Approach (PA); Commitment to retaining position as predominant carrier; Commitment to making Telstra "best place to work"; 4.5 % pay rise.
1995-1997 Telstra Corporation Enterprise Agreement	Reaffirms PA; Recognises needs for improvements in performance and improved flexibility; 11% pay rise

Source: Barton (2002), p.60



Source: Telecom (1993) and Telstra annual reports (1993-1999)

These outcomes represented a triumph for the Telstra employees and their unions, under the Participative Approach. Two senior union officials in CEPU describe how this approach had affected Telstra employees and their unions as follows:

The Participative Approach was corresponding to the policies of the ALP-ACTU Accord. In the last phases of Labor Government, the unions did have a phase of industrial relations in Telstra which was based on a participative model. Basically, there was no trouble at all to enact an Enterprise Bargaining Agreement between Telstra management and its unions. We had an agreement that we would engage in the Participative Approach and our members got paid money for the agreement (Mary, Female, CEPU Middle Level).

We actually had what the Telstra called the Participative Approach where we worked alongside the employer. It was quite a good agreement, now Telstra employees got quite good pay increases in 1994-1995 EBA and 1995-1997 EBA. Particularly, we did not lose any members' interests (Alice, Female, CEPU Middle Level).

These comments confirm that the Participative Approach not only got the recognition of Telstra management but also obtained the effective support of the ALP government, the regulator and full owner of Telstra. In addition, Telstra unions struggled successfully for the members' interests in the wage increases in 1994-1995 EBA and 1995-1997 EBA as result of the Participative Approach. However, the previous two EBAs prevented the Telstra unions from making any extra wage claims during the life of the agreement and ensured the parties were committed to avoiding industrial disputation (The Australian, 26 September 1995). That is to say, the Telstra unions had to give up any kind of industrial action, such as strikes, in the period of 1994-1995 EBA and 1995-1997 EBA.

The Telstra unions committed themselves to quality service and cost reduction schemes in Telstra (Chu, 2000: 6). Given similar research (Way 1995), it was hard to believe that unions such as CEPU and CPSU, accustomed to the privileges accorded

to a public-sector monopoly, would accommodate as fast as Telstra management wanted.⁸⁰ However comments by two senior CEPU union officials about the real situation involved in enacting the 1994-1995 EBA and 1995-1997 EBA reveal that the process was not genuine participation:

Really, we did not have what I would call employer and union participation. They have their ways of doing things and we have ours, and then it is a matter of trading off one another until you get to an area where you believe that you have gone as far as you can go or you believe that it is acceptable (Alice, Female, CEPU Middle Level).

Under the Participative Approach, there was little or no employee participation. Management went out of their way to exclude the union and, in my view, victimize employees who took a stand on an issue (Stewart, Male, CEPU Middle Level).

Thus the Telstra unions delivered significant gains in terms of wage increases to members, under the Participative Approach framework. However, the victory of Telstra unions in wage increases was built upon the agreement. In other words, the outcome of the Participative Approach was an “exchange deal” rather than “cooperative”. Thus, we can observe that there was little “real” employee participation at Telstra.

In fact, as Ross (2003) shows the Participative Approach had been relatively successful, because it pushed Telstra managers to consult with their staff, even though this was actually a duty of union representatives. Two senior CEPU union officials describe how the Workplace Relations Act affected Telstra employees and unions in the issues of an EBA after 1996:

⁸⁰ Nicholas Way, ‘Telstra Unions Wary As Macphee Exits’, Business Review Weekly (Australia), 6 November 1995.

The Workplace Relations Act provided a lot of weapons for the employer against unions trying to negotiate an EBA for their members. Telstra management employed all those weapons in an EBA. They delayed and delayed any agreement for eighteen months in order to be able to say to its staff, “Look! The union cannot do anything for you” and then at another time Telstra was to get an EBA in a hurry. In this situation, Telstra could get into place before the old agreement expired. Because if the old agreement expired the union could take protected legal industrial action (Peter, Male, CEPU High Level).

Our approach to enterprise bargaining changed depending on the economic climate we found ourselves in, the political climate we find ourselves in and the industrial relations approach being taken by management. It varies depending on what management want (Mary, Female, CEPU Middle Level).

From the interviews, it can be seen that the EBAs in the period of the ‘Participative Approach’ eroded the working conditions for Telstra employees (apart from pay rises) and reduced the power of Telstra unions to respond effectively in relation to changes to workplace arrangements. It shows that the Participative Approach made few inroads into the adversarial atmosphere of employment relations between Telstra management and its unions, largely because the necessary cooperation between the CPSU and CEPU was lacking.

5.11 Union Organising Efforts

‘Union Organising Efforts’ is the seventh indicator of analysing union effectiveness during privatisation in this thesis. From the literature, union organising efforts focused primarily on the acquisition of membership, but, in addition, could generate and strengthen workplace representation, as mentioned in Chapter 2. This in turn might increase the union’s mobilising capacity and its labour market power (Frege and Kelly, 2003: 9). In a restructuring environment, union defensive strategies are necessary, but often insufficient. The challenge is to find the appropriate balance between necessary

defensive strategies and proactive strategies, as Kumar and Murray (2002:11) suggested. In the following, I will examine whether the defensive strategies (retaining membership) and proactive strategies (recruiting membership) adopted by the CPSU and CEPU were adequate to respond effectively to Telstra's privatisation.

5.11.1 The Responses of the CPSU and CEPU in the Issue of Job loss in Privatisation

In this section, I will explore how the CPSU and the CEPU responded to the issue of job loss arising from privatisation of the telecom. A press report described how strategies imposed by Australian telecommunications companies affected workers in a flexible workplace. Mr. Stephen Jones (The National communications assistant secretary of the CPSU) said:

While telecommunications companies were using labour hire firms for greater flexibility in the workforce, the very nature of the business meant workers were becoming nameless, faceless staff to whom larger companies owed no responsibility.⁸¹

In privatisation, Telstra's strategies allowed limited success for the unions to protect the members in its call centres, as two senior CPSU union officials point out:

One of the big differences is in Telstra we've gone an award [PR946625] and we've had a long standing relationship[to visit the union members], and even though that relationship is very strained, we still have access to the workplace and we already have a membership base to work from. In places like Stellar we weren't allowed access in the workplace in most cases, so we put a lot of time and resources into things like just standing out the front of the building for months on end, handing out flyers, having meetings off site, trying to get people involved through that process (John, Male, CPSU Middle Level).

⁸¹ Jane Williams, 'More than 130 call center job losses blamed on One.Tel', 6 June 2001, AAP NEWSFEED.

Some of the Telstra strategies have been reasonably effective in changing those measures and it's been quite a struggle to change that, and control staff. They now seem to impact on their service delivery. Because it's very clear that if you're a consumer of Telstra there's a lack of integration between the different parts of the service, that it's difficult if your problem need a solution from more than one part of the organization. A coordination of the structures they've put in place have really been designed to isolate the staff, not giving them the opportunity to talk to each other and to get to know each other and act in a collective way (Jenny, Female, CPSU High Level).

While we did not have direct access to the Stellar call centers, some of the strategies we've used there are the same as what we've used in Telstra... In Queensland, we did quite a lot at the Robina Call Center. In addition, we now have an award [PR946625] with Stellar... Now, this award gives us some rights of access that we did not have before, but it's been extremely difficult and it has not generated the results that we would have hoped from that work. So, it's been quite difficult (Jenny, Female, CPSU High Level).

In response to the growth of contracting-out and privatisation, one of the CPSU tactics has been to follow their members into the private sector (Anderson et al., 2002: 19). In line with this, the membership coverage of the CPSU is now much wider than the public sector, and it incorporates call centres and other services in the privatised telecommunications industry. A senior CPSU union official describes how the CPSU voiced the fears of job losses for their members, arising from Telstra's privatisation:

We determined that we could not stop Telstra losing full time staff replaced by contract labour with contract call center, but we determined that we could try to organize the whole of the industry. Our aim is to reduce wage competition in the sector (John, Male, CPSU Middle Level).

This organized strategy by the CPSU was learned from a new strategic response, the introduction of the organizing model, a concept encouraged by the ACTU organizing Centre from 1994 onwards (Anderson et al., 2002: 18).

From the above, it can be seen that there were fewer differences between Telstra call centres and Stellar call centres so far as CPSU organizing strategies were concerned. But, the CPSU successfully negotiated an award with Stellar, which gave the union some rights of access in the Robina call centre. It meant that the CPSU could recruit additional members by accessing the Stellar workplace, even though the CPSU faced a tough environment trying to influence Telstra's overall strategies.

In contrast to the CPSU, the CEPU adopted various other strategies to respond to job loss, such as mobilising public opinion, and using a legally-based instrument (e.g. an award, Telstra / CEPU Technical and Trade Staff Salaries and Specific Conditions of Employment, PR949797), as a senior CEPU union official describes:

- We did public exposures of Telstra Corporation when they were bullying or victimizing;
- We used the Australian Industrial Relations Commission as a dispute mechanism to win a ruling from the Australian Industrial Relations Commission that they must stop;
- We took some on- the -job action where employees resisted, in various ways, the management plans;
- We generally tried to mobilize the rank and file to say that bullying was unacceptable, and at the same time there are laws in Australia which prevent discrimination and bullying and victimization. So we tried to use those laws against the employer within Telstra (Peter, Male, CEPU High Level).

Why did the CEPU not select the “organizing strategy” in dealing with the issue of job loss for their members during privatisation as did with the CPSU. A senior CEPU union official describes the change of Telstra employment and its effect on their union members before and after privatisation below:

There were approximately seventy six thousand Telstra full time employees in June 1996, and there would be approximately thirty- seven and a half thousand employees in Telstra in June 2003. So, Telstra has just about halved its full time workforce since this Liberal government came into office and Telstra was still at the beginning of the process of preparation for the partial privatisation. In terms of union members, we probably have about fifteen to seventeen thousand members in Telstra now (Mary, Female, CEPU Middle Level).

Another senior CEPU official explains how outsourcing affected the CEPU effectiveness in response to Telstra's privatisation plan:

We had trouble organizing the people who were on strict contracts or from labour agencies, because they feared for their jobs. They were really nervous about that. So I think it made it very difficult for us. We attempted to organize contractors, we're still trying to do that, and that's very hard because some of them consider themselves as small business people. They buy their trucks, they buy their equipment and they see themselves as small business people rather than being in the union. We've talked about setting up a contractor's cooperation Agency but we have not made a lot of progress in that regard. So, we've got to do a lot more to respond to the effect of outsourcing. We have not dealt with it effectively (Stewart, Male, CEPU Middle Level)

The later interview shows that there were fewer organizing efforts by the CEPU and it seems that outsourcing imposed by Telstra management affected the CEPU effectiveness (e.g. organizing capacity), in response to Telstra's plan for privatisation. In the next section, I will explore whether the CPSU and the CEPU treated their male and female members equally to respond to Telstra's privatisation decision.

5.11.2 Defensive and Proactively strategies adopted by the CPSU and the CEPU during privatisation

A senior CPSU union official describes the change of Telstra employment and its effect on their union members before and after privatisation below:

Before Telstra's privatisation, our membership had about ten thousand [members]. Now, my union's membership in Telstra is about four thousand. Half of our present membership in Telstra would be female (John, Male, CPSU Middle Level).

One of the CPSU's efforts was to improve members' interests. All telecommunications workers had their wages and conditions regulated by industrial laws when the Australian Industrial Relations Commission (AIRC) handed down a new award on 25 November 2002 (Print No.PR924683). This award covered up to 10,000 call centre operators and technicians whose wages and conditions had previously been set up by the telecom companies.⁸² In a survey, O'Loughlin (2002) suggests that this new telecommunications service industrial award (Print No.PR924683) will increase the "toehold" in Telstra, where the unions were attempting to increase membership. A senior CEPU union official comments on this award:

It is the mechanism to expand obviously, because of our history. Both organizations really only had coverage in the public sector and very little private sector coverage. We have coverage in the Optus arena, this just allows us to expand into the private sector. Indeed, it [telecommunications] is only a very hostile environment and a very difficult environment to organize in (James, Male, CEPU High Level).

The CPSU won a victory in recruiting membership through a legally-based instrument (the industrial award approved by the AIRC), in contrast with the CEPU (e.g. Print No.PR949797). This award (Print No.PR924683) encompassed more than 10,000 employees who serve in the Australian telecommunications industry, including operators (female dominated) and technicians (male dominated). In response to privatisation, the strategy of the CPSU in recruiting membership was built on a whole industry. In line with this, female and male members could see no difference in the

⁸² Toni O'Loughlin, 'Telecom Staff Gain Industrial Award', 8 November 2002, Australian Financial Review.

CPSU's strategy under privatisation.

Besides the CPSU, the CEPU also made some effort to protect members who served in Telstra call centres during the privatisation process. Two senior CEPU union officials describe how the CEPU protected the benefits for members who served in Telstra call centres.

In CEPU, we would try to get information to members. They sometimes hand out leaflets outside Telstra buildings where call center people work (Angela, Female, CEPU High Level).

For Telstra call centers employees, we had female members who had been on maternity leave told that they should express milk for their babies in the toilet. It really did embarrass them immensely. Now, they were forced to back off... I suppose the greatest protection that we could afford members was to make sure they had a reasonable redundancy package if they faced reduced working conditions (James, Male, CEPU High Level).

From these comments, it can be seen that the CEPU treated members who served in Telstra call centre quite passively, although they tried to recruit membership there through handing out leaflets outside Telstra buildings.

Although the CEPU used some strategies to protect female members who served in Telstra call centres, they spent more time to protect their male technicians interests. For instance, in January 2004, a press report described that Telstra faced huge political and union pressure to reverse a decision to move IT jobs to India.⁸³ At that time, Mr. Len Cooper (The Victorian Secretary of the CEPU) said: "Telstra was putting profits ahead of workers" and he called on the federal government to intervene.⁸⁴ Three CEPU officials explain why the CEPU made many efforts for their

⁸³ Jack Taylor, 'Australian telecom giant under pressure for switching jobs to India', 14 January 2004, Agence France Presse

⁸⁴ Ben Packham, 'Telstra under fire over outsourcing plans', 16 February 2004, AAP NEWSFEED.

members who served in Telstra technical department rather than in call centre operations, because the CEPU's membership was dominated by males:

One of the difficulties we've got you is that the males, or mainly the technical staff, were putting in the new technology to put the females out of work. And that was the big problem, we put in some new piece of telecommunications equipment that required fewer female staff in the call centers. So it's been a difficulty, and there's that balancing act. So look, the short answer is I do not think we've been as effective as we could have been to protect the female members (Stewart, Male, CEPU Middle Level).

On top of that, in the work performance by technical people, there was not a high penetration of women in those areas. But of the women who did make it, many of them chose to leave in the first rounds with voluntary redundancy Offers. That was because they generally had children and their husbands had jobs. So, therefore, women left voluntarily. But these decisions are not very voluntary. People would prefer to work, but they are faced with a choice: 'do I take a voluntary redundancy package or, sometime in the future, do I get told to go! '. So, they decide to go voluntarily now; but it is not very voluntary (Paul, Male, CEPU Middle Level).

I find it falls on deaf ears, both within or organization and outside our organization. Our organization because the predominant membership is the male membership, there are not a lot of female organizers or people in positions like me, there's maybe three of us around Australia. We have a few women in the industrial side, and the majority of union members are males, and the union tends to look after the members of the male side (Alice, Female, CEPU Middle Level).

Clearly, the defensive strategy used by the CEPU could not reflect all members' (including males and females) willingness to cooperate with privatisation. In contrast to the CEPU, the CPSU adopted various strategies (including proactive strategies) for their members' interests, that is, by achieving an appropriate balance between male and female members' interests, and it ultimately attracted many new members to join the union, and retained the current members. As Bradley (1994: 51) notes, unions have to broaden their agenda and reorganize to suit the diversity of members' needs and views, if they want to achieve union renewal. Thus, in a changing environment

(e.g. privatisation), unions need to build up the critical thinking, and strike a balance in improved employment interests between male and female members.

5.12 Summary

In response to Telstra's privatisation, the CPSU and the CEPU chose political rather than industrial action, because some provisions (such as 1996 Workplace Relations Act) prevented certain union activity, and the unions worried about the threat of legal action if they used industrial campaigns to oppose Telstra's privatisation. In the case of the 1998-2000 Enterprise Bargaining Agreement (Print No.T1628-1998), one can see that using industrial action can stir up the collective cohesion of union members, and ultimately protect members' interests in a changing environment. The leadership of the CPSU and the CEPU considered exposing Telstra's privatisation by industrial action rather than ineffective political strategy used in the Telstra I sale.

In terms of 'Political Activity', the CPSU and the CEPU used the same strategy, that is, lobbying politicians in response to the threat of Telstra's privatisation. However, the CEPU used two additional resources well with its political action in relation to privatisation: by mobilising public opinion and focussing on the main problem in selling Telstra – loss of employment.

In terms of 'Inter-Union Solidarity', the CPSU and the CEPU selected a cooperative strategy to oppose privatisation, in June 1996. At that time, the unions made separate submissions to the Senate "Environment, Recreation, Communication and the Arts, Reference Committee". However this submission was fruitless and the success of the initial Telstra sale increased the confidence of the federal government in its

privatisation policy. Nevertheless, this failure in opposing Telstra's privatisation was not attributed only to the poor quality of the joint campaign but was directly affected by three factors: the restricted ability of the CPSU, bad relationships between the CPSU and the CEPU at Telstra, and the militant nature of the CEPU.

In fact, the CPSU and the CEPU won a victory in Telstra's privatisation by choosing a strategy which was the opposite of cooperative action. The CPSU and the CEPU decided to separately submit their campaign in the Senate Reference Committee and eventually, the CPSU and the CEPU delayed the progress of full Telstra privatisation. This result is "at odds with" the literature findings that suggest that, inter-union collaboration is a necessary tool to help unions in resisting privatisation.

In terms of 'Intra-Union Solidarity', the efforts of the CPSU in improved wages and working conditions struck a balance between the interests for both male and female members during privatisation (e.g. a new award approved by the AIRC, on 25 November 2002, Print No.PR924683). In contrast, the CEPU treated male members better than female, and eventually sacrificed female members participation in union activity. This decision reduced the ability of the CEPUS' in opposition to privatisation.

In terms of 'Service Activity', the voluntary redundancy offers created a bad industrial relations environment during privatisation. In the Telstra case, the senior employees (also experienced union activists) gladly took this offer to leave because the CPSU and the CEPU "Won" a very big redundancy package for workers (based on length of service) in the early 1990s. This situation can also explain why the telecom unions still attracted support from their members in partial privatisation, although the unions did not have great success in preventing members from being made redundant or of protecting them from the prospect of unemployment.

In terms of 'Partnerships with employers', there was little or no employee participation under the 'Participative Approach', because Telstra management took many well planned steps to exclude the union and victimize employees who took a stand on any issue. In addition, the victory of the CPSU and the CEPU in gaining wage increases was built on the 'Participative Approach' during 1994-1995. In other words, the outcome of the 'Participative Approach' was an "exchange deal" rather than "cooperative relationship". This result was in contrast to the literature setting, which suggests that the strategy of partnerships with employers could increase the unions' power during privatisation.

In terms of 'Union Organising Efforts', both the CPSU and the CEPU found it difficult to respond to the issues of job loss and outsourcing during privatisation. In contrast to the CEPU which concentrated to protect male members' interests, the CPSU adopted certain strategies in order to recruit new members and retain the current membership during privatisation, such as by organising the whole telecom industry. For example, the CPSU was successful in achieving an industrial award (Print No.PR924683) approved by the Australian Industrial Relations Commission (AIRC) on 25 November 2002. This award covered 10,000 call centre operators and technicians whose wages and conditions were previously set by the telecom companies. In addition, this award helped to retain current members in the CPSU and the CEPU. Besides the use of a legally-based instrument (the AIRC), the CPSU used many explicit tactics to protect members' interests in Telstra call centres and subsidiary companies (like Stellar call centres), such as organising petitions, delegation meetings with management, people wearing a badge or sticker or sending a fax or email to a particular official in Telstra.

Chapter 6 Chunghwa Telecom Workers' Union (CTWU)

The aim of this chapter is to analyze the CTWU responses to the privatisation of Chunghwa Telecom Company (CHT), through 'Industrial Activity', 'political activity', 'Inter-union Solidarity', Intra-Union Solidarity', 'Service Activity', 'Partnerships with employers', and 'Union Organising Efforts'. I will deal with these components of union effectiveness in turn. However, union responses also are influenced by the institutional context, that is, 'institutional matters'. What is important is to trace out the reciprocal interconnections between the two. Thus, prior to analysing the CTWU responses to privatisation, it is necessary to determine the factors of the institutional context of industrial relations, union structure, union identity, and employer and state strategies that affected union strategic choices of the CTWU (see 6.1 to 6.4).

6.1 History

The Taiwan Telecommunications Union (TTU), the Chunghwa Telecom Workers' Union's predecessor, was established on 30 June 1957. According to TTU Article 3, all telecom workers who had Taiwanese citizenship could become voluntary TTU members, except those senior staff who represented the Directorate General of Telecommunications (DGT) management. This, in effect, made the TTU a 'closed' union shop (Wu, 2002: 31). However, this was not meant the in usual Australian sense of 'closed shop', which refers to a requirement that all eligible people have to join the union. Instead, it means that Taiwanese employees joined the union in order to have their job.

In July 1996, the DGT was transformed into the Chunghwa Telecom Company (CHT). In October of the same year, the Taiwanese Telecommunications Union (TTU)

became the Chunghwa Telecom Workers' Union (CTWU). In the era of the TTU, Shi-Ming Kwo served as the TTU President from 1988 to 1995. In 1988, the Council for Economic Planning and Development (CEPD) enacted a privatisation policy for the telecommunications industry. On 27 December 1988, the TTU and the DGT reached a Collective Bargaining Agreement. The Agreement, for the first time, envisaged the full sale of Taiwanese State-Owned Enterprises – i.e. full privatisation (Lan, 2000:6). At the end of 1995, there were both supporting and opposing groups among members of the TTU in reaction to the privatisation plan. The first faction was called the Conditional Support Group. Its core union leaders were Chin-Cuang Lin (TTU President) and Jun-Chou Chen (TTU Standing Director). The second faction was named the Anti-Privatisation Group (associated with the Independent Industrial Union Movement) and it was dominated by Hsu-Chung Chang (Lan, 2000:6).

The origins of the Independent Industrial Union Movement (Hsu-Chung Chang's group) stemmed from a change in Taiwan's political structure. Before the lifting of Martial Law in 1987, Taiwanese workers did not have the right to go on strike and no legal political party existed in Taiwan besides the KMT or Nationalist Party. The growth of democracy weakened the government's control over unions, permitting them wider autonomy. Lee (2000) claims that this more independent union movement became more concerned with members' welfare than its predecessors, because unions in the pre-martial law period largely functioned as government agencies.

In January 1996, three Telecommunications Laws (TL) were passed by the Legislative Yuan. The TTU membership started to worry about protecting and preserving their employment interests, because they faced a changing workplace arising from privatisation. As a result, the Independent Industrial Union Movement

(Hsu-Chung Chang's group) won the first election for union officials in the Chunghwa Telecom Workers' Union (CTWU), in October 1996. In November 1996, Hsu-Chung Chang became the CTWU President with nearly 70 percent support from the membership. It was the first time members elected their own Union President from the Independent Industrial Union Movement rather than being assigned one from the KMT party. In the past, the union President could only be elected through the KMT party structure. Wu (2002) claims that the first election of independent CTWU union officials showed that the influence of the KMT party on the election of CTWU union officials had diminished.

In March 2000, the Conditional Support Group in CTWU, who opposed the anti-privatisation campaign of Hsu-Chung Chang's group, won the second election for union officials. Jun-Chou Chen became the CTWU President from March 2000 to Feb. 2003. However, Hsu-Chung Chang regained the position of CTWU President in March 2003, when his supporters won 14 out of 27 seats on the CTWU board of directors (See Table 6.1). Nevertheless, Hsu-Chung Chang's group still felt nervous because of the strength of the minority faction (13 out of 27) – the Conditional Support Group. Hsu-Chung Chang (2003) claimed that the KMT and even some members of the ruling party, the DPP (Democratic Progressive Party) joined forces against him in the third election but had been unsuccessful.

Table 6.1 The election of CTWU president in the ruling era of the KMT and DPP

1988-1995 (The era of Taiwan Telecommunications Union)	November 1996	March 2000	March 2003
	Hsu-Chung Chang Independent Industrial Union Movement	Jun-Chou Chen Conditional Support for privatisation	Hsu-Chung Chang Independent Industrial Union Movement
KMT	KMT	KMT/ DPP	DPP
	70% (support from the CTWU membership)	60% (support from the CTWU membership)	51% (support from the CTWU membership)

Source: Chunghwa Telecom Workers' Union

In the process of privatisation, the number of the CHT employees decreased by about 6,884; from 35,072 in 1999 to 28,388 in 2004 (See Table 6.2). By 2004, there were 20,472 male members and 7,816 female members of the CTWU.

Table 6.2 The Number of CHT Employees and CTWU Members (from October 1999 to September 2004)

	1999	2000	2001	2002	2003	2004
CHT Employees	35,072 M: 26,249 F: 8,823	34,905 M: 26,185 F: 8,720	33,079 M: 24,679 F: 8,400	29,100 M: 21,086 F: 8,014	28,969 M: 21,069 F: 7,900	28,388 M: 20,538 F: 7,850
CTWU Members	35,000	34,804	32,982	29,000	28,907	28,288

Source: Chunghwa Telecom Workers' Union

Despite CHT's partial privatisation, the CTWU membership still retained a 99 percent union membership rate. Mr. Wang, one of the senior union officials serving in the CTWU, sought to explain the high rate of unionisation as follows:

The content of the Collective Agreement covers all employees in CHT, including non-union members. The rest of the non-union employees comprise CHT management, including the Executive Manager, Vice-Manager, Branch Manager of the North District, and the Senior Managing Director in the Human Resource Department (Wang, Male, CTWU High Level).

CHT employees have no option but to become CTWU members, otherwise they would be in breach of regulations under the Taiwanese Labor Union Law. According to this law, all Taiwanese workers must become union members, except persons employed in administrative or educational agencies of the government at various levels, and persons employed in munitions industries.

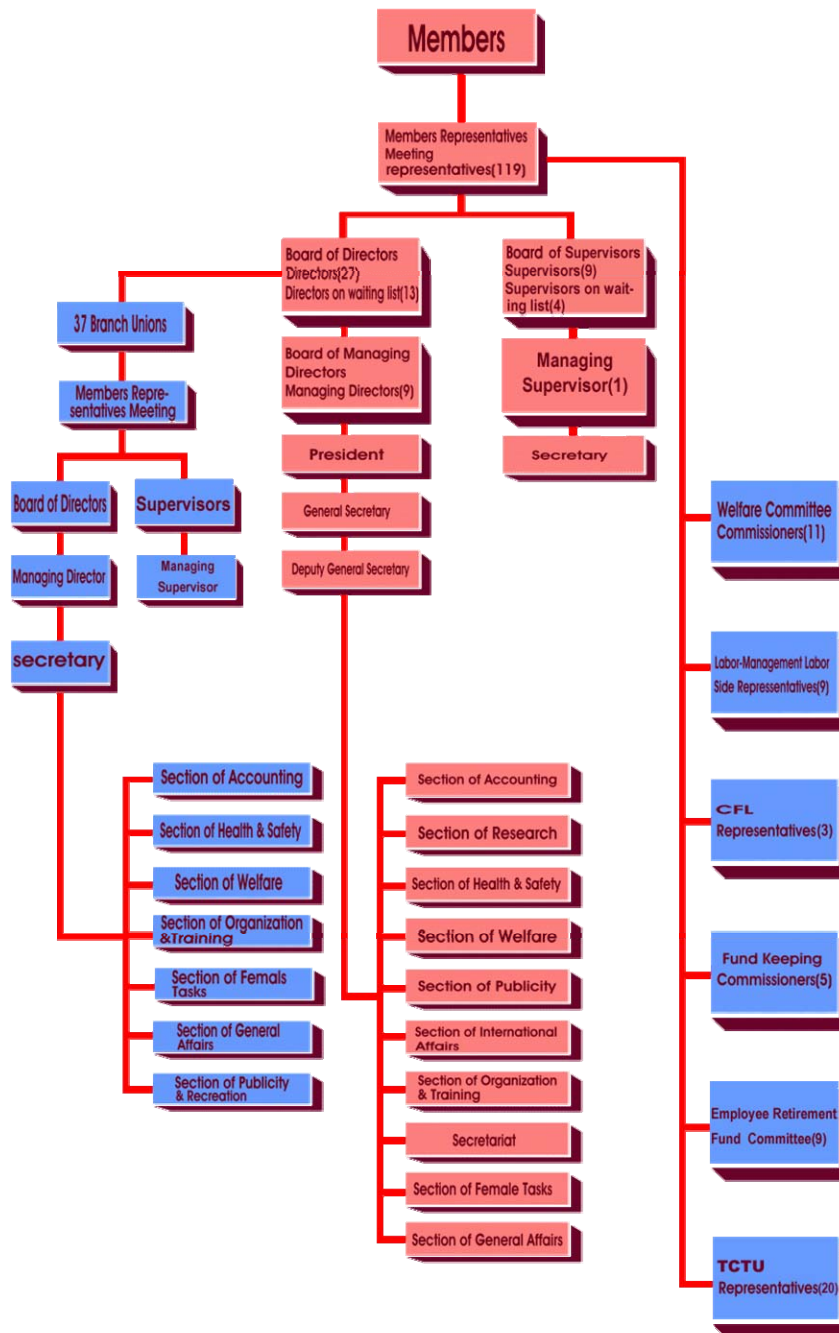
CTWU members pay fees of 0.3 percent of their salary in accordance with the CTWU regulations, Article 6. In CTWU, the unionisation rate still remained at 99 percent despite the government's policy of privatisation (Lan, 2000: 4-5).

6.2 Structure

In his research, Wu (2002) showed that the TTU membership reached 35,000 by June 1995. There were three major branches in the TTU. These were policy-making, executive management and superintendent unit. The most powerful body in the TTU was the Members' Representatives' Meeting. At the same time, the TTU established the Board of Management and Board of Supervision to play the role of the previous executive management and superintendent units. According to Article 10 of the CTWU regulations, the Standing Director and Standing Supervisor must have support from at least one-third of the members of the Members' Representatives' Meeting in order to be elected. Among the nine Standing Directors, one person has to be elected

as CTWU President by the majority of the Standing Directors. This means that the president in the CTWU is elected by means of indirect election (See Figure 6.1).

Figure 6.1 The Organization of the Chunghwa Telecom Workers' Union (CTWU).



Source: <http://www.ctwu.org.tw/English.images/chart.gif>

6.3 Ideology

In Taiwan, only around 10 percent of workers are organized into unions. Hsu-Chung Chang (2005) describes the numerical weakness of Taiwanese trade unions as “a legacy from the dictatorship, union organization is on a company basis, rather than representing workers across an entire industrial sector. As a result, Taiwan’s private telecommunication companies are non-union”.⁸⁵

The State-Owned Enterprises in Taiwan were a closed labour market. Most of the employees had the status of “public servant” or “quasi-public servant” and were protected by the regulations under the Taiwanese Public Servant Law. One of the employment features of Taiwanese State-Owned Enterprises was that massive redundancies did not take place, unlike the situation in private enterprises. At the same time, most Taiwanese State-Owned Enterprises were monopoly industries which provided for the needs of Taiwanese citizen (such as electricity, telecommunications, oil, and railways). The budget of Taiwanese State-Owned Enterprises was set by the government and the Legislative Yuan. They had responsibility for legislation, government/ management and leadership of the nation. Taiwanese State-Owned Enterprises did not face any threat from external productive markets in a global economy. As for the union movement, some Taiwanese industrial relations scholars suggest that the union organization in Taiwanese State-Owned Enterprises was considered as a leader for the entire union movement because of their stable employment conditions. However, the trend towards privatisation of State-Owned Enterprises has made employment uncertain in Taiwanese society with the growth of globalisation.

⁸⁵ Laurence Coates, 'Telecom workers fight privatisation', 22 April 2005, http://www.socialistworld.net/z_cgi/pf/pf/cgi

Most Taiwanese businesses are small or medium size. Usually, private enterprises in Taiwan have fewer than 30 employees and the life of the average enterprise is short, only 10-12 years, as Kuruvilla et al. (2002: 447) show that ‘union organizing in Taiwanese non-state enterprises was marginal’. In other words, union organizing was not possible in the majority of non-state enterprises in Taiwan. However, under regulations of the Labor Standards Law (Article 55), employees of private businesses cannot qualify for a pension unless they continuously work for the same company for more than 15 years. Furthermore, Private sector employees can only take their retirement pension as a lump sum. By contrast, employees who are in the public sector have a very generous retirement scheme. Normally, public servants also have the advantage of employment stability.

In the public sector, large-scale job losses are most unusual. A major concern for CHT employees is their Monthly Pension Retirement Scheme (MPRS) and other related special benefits and bonuses. The MPRS is a very valuable entitlement for the Government employees. The benefit is lost once an employee works for a private company. Thus, workers in CHT stood to lose a great deal when the business was privatised. According to the “Transferring State-Owned Enterprises to Private Enterprises” law (Article 8), employees are deemed to shift to the private sector when a State-Owned Enterprise is partially-privatised. Thus, workers can be stripped of all the benefits that they had as government workers, once a business is even partly privatised. If CHT becomes a fully privatised company, all the employees will be employed under the Labor Standards Laws (LSL). As mentioned above, the MPRS is lost when staff moves from the Public Sector. Two union officials (Mr. Wang and Mr. Lin) described why CTWU members were worried about their interests if the CHT

became a privatised company. A senior CTWU union official describes the salary of CHT employees:

In the public sector era, CHT employees could earn A\$ 1,650-2,200 monthly salary when they reached retirement age. Once CHT becomes a fully privatised enterprise, CHT employees lose this monthly retirement income (Wang, Male, CTWU High Level).

The MPRS will tempt CHT employees to voluntarily quit their job in CHT before they reach retirement age. When employees select early retirement from the present CHT, they may get around A\$ 50,000 in a lump sum (Lin, Male, CTWU High Level).

The obvious benefit of the MPRS is that it is a savings scheme that provides security in the later stages of life. On the other hand, there is no comprehensive general retirement system in Taiwan for private enterprise employees. Therefore, CHT would probably lose many of their most senior employees, as was the Telstra experience.

Positions in the public service also entail a perception of “high status” and this status is an important factor in Chinese/ Taiwanese culture; this may be difficult for Australian culture to adequately appreciate.

With privatisation, all CHT employees would lose this vital status and their general pension scheme as well. The serious impact of this on CHT employees is illustrated by the comments of a senior union official in the CTWU. He explains how privatisation has not only changed the CHT employees’ workplace from the public sector to private enterprise, but also removed their status as public servants:

Most CHT employees have passed the public service examination. In this situation, the CTWU argued that the government has to compensate CHT employees for the loss of identification as public servants through privatisation. For example, in compensation, The CTWU requests that the government also reimburse employees for lost salary from the date of privatisation until they reach the normal retirement age of 65 (Lin, Male, CTWU High Level).

Taiwan will face a huge economic burden if the government compensates CHT employees for lost entitlements (Chang, 2001:10). Clearly, the Taiwan government cannot afford to pay lost salaries for all employees who have not reached 65 years old when CHT is privatised. Thus, the majority of CTWU members oppose the privatisation policy and will continue to do so unless they get some significant reimbursement for their lost status as public servants. Of course one of the pathways not mentioned here is to give 'accrued' benefits to existing employees, and then private sector benefits for the part of the career after the change date. This would defer the government liability, and cap the amount at a known level, while providing the benefit only when the employee actually retires; when the money is needed.

6.4 Privatisation in the Chunghwa Telecom Company and impact on its employment

Under the Telecommunications Act of 1958, the Directorate General of Telecommunications (DGT) adopted both operational and regulatory responsibilities. As the administrator and public operator of telecommunications in Taiwan, the DGT was in charge of the official organization, with limited self-governing authority. Its human resource management was based on close surveillance of workers. According to the research of Chen (1997), workers of the DGT were criticised because they did not offer a customer-oriented service. The DGT became determined to achieve a high

rate of return on investment, including a set of achievable earnings, by providing good customer service in preparation for selling shares in CHT.

The KMT government privatised its state-run telecommunications system, through enactment of the 1996 three Telecommunications Laws (Chang, 2001:56). These three Telecommunications reform Laws, passed by the legislature in January 1996, gave extra impetus to the privatisation of Taiwan's telecommunications industry: by the Telecommunications Law of 1996, the Organizational Regulation of the DGT, and the Statute of the Chunghwa Telecom Co. Ltd. (CHT) (Chen, 1997:89). Under the revised regulation of the 1996 Telecommunications Laws, the CHT became a State-Owned telecommunications service provider. In addition, the CHT was given substantial independence or operational authority, particularly concerning organizational structure and rules, in order to increase productivity. As to employment relations, the 1996 Telecommunications Laws guaranteed the preservation of employment interests for workers who transferred from the previous DGT.

According to the 2000 Progress Report, the CHT was converted from a government agency into a corporate organization in 1996, and its main fields of business became local telephone calls, long-distance telephone calls, mobile communications, international telephone calls, radio paging, and Internet operations. In Taiwan, CHT is currently the only company that operates both Type I and Type II telecommunications services. Under the Telecommunications Act of 1996, telecommunications services are divided into two types. Type I services include the installation of telecommunications equipment, and line facilities. Beyond the range of Type I services, all other services are attributed to Type II (Chen, 1997: 90). In this monopoly, Chen (1997) wondered why the CHT adopted privatisation instead of

remaining a fully State-Owned Enterprise. Chang (2001) claimed that the chief reason was the widespread belief that State-Owned Enterprises are highly inefficient. That is to say, monopolies need not be efficient because they have no competition to encourage cost savings.

Six private telecommunications companies in Taiwan have started operations since January 1998. The market share in mobile telephones held by the CHT, after it had altered from a government bureau to a corporate identity, fell markedly from 100% in January 1998 to a mere 48 per cent by May 1999 (Wu and Lin, 1999: 6). That is to say, the private telecommunications companies had taken 52 per cent of the market share in less than one and a half years. As a result, the performance of CHT failed to keep pace with other private telecommunications enterprises, particularly in its ability to compete; and this was reflected in its market share.

Moreover, the CHT faced pressure stemming from two issues. One is in relation to achieving economic efficiency through providing competitive services at a profit. The other is meeting the needs of private interest groups eager to invest in the telecommunications market. With regards to the former, the telecommunications service had been inefficient, leaving mobile phone users in the late 1980s very dissatisfied with their services. Although the Directorate General of Telecommunications (DGT) in Taiwan made considerable profits, it could not provide the cheap, efficient telecommunications systems needed by modern business. Neither could it keep up with the demands of the growing number of users. Thus, in the late 1980s, public pressure pushed the government to reform the telecommunications industry to improve efficiency and service.

At the same time, private enterprises and interest groups wished to enter the telecommunications market, especially to manage the business of communications; particularly Type I telecommunications services. Private enterprises need special approval and a license issued by the Ministry of Transportation and Communication (MOTC) in relation to Type I activities. However, Type II conveyors merely obtain permission from the DGT to start a business.

The amendment to the Telecommunications Act of 1996 was proclaimed and put into effect on 3 November 1999. It raised the level of foreign shareholdings in Type I telecommunications enterprises from 20 percent to 60 percent. The changes came into effect on 31 January 2000 (Deregulation Report 2000: 8)⁸⁶.

The DGT authorized the partial sale of the value-added network (VAN)⁸⁷ services to private telecom enterprises (Lin, 2003: 272). By 1992, there were 44 private telecommunication enterprises doing VAN business. Although the Telecommunications Reform Act of 1992 entitled private telecom enterprises to operate VAN businesses within the legal framework, these private telecom enterprises still used their influence on public policy to urge the government to widen the definition of Type II telecommunications services as well. The Type II services had been set up to protect Taiwan's domestic telecommunications from international competition that might siphon money away from the country.

Most important of all, the government felt pressure to accelerate privatisation in order to join international trade organizations, which require their members to open

⁸⁶ www.apecsec.org.sg/deregulation/ct2000.pdf

⁸⁷ VAN services include packet-switched data services, "store-and-forward" facsimile services.

domestic markets to external competition and reduce barriers to international trade. Since 1986, Taiwan has submitted an application to become a member of the General Agreement on Tariff and Trade, GATT, the WTO's forerunner. Taiwan would receive vast benefits if it became a member of the GATT, from the political and economic position (Lin, 2003: 269-270). From the standpoint of politics, it enables Taiwan to upgrade its level and status in the international arena through its identification as a member of the world economy. In addition, it could increase its ability in international competition through an export-oriented trade, thus diminishing any unnecessary barriers to running a business. However, members of GATT had to follow the regulations of the General Agreement on Trade in Services, (GATS) in the telecommunications industry (Liaw, 1999: 50). In response, Taiwan promised to meet these requirements and started to debate the Three Telecommunications bill.

In 1996, the Taiwanese government started to open most of the telecommunications industry to private competition. At the same time, the U.S. favoured increasing the limit on foreign investment to one third in Taiwan's telecommunications market. Thus, a maximum restriction in foreign investment was initially set at the level of one third. However, the level of foreign investment was finally set at a level of one fifth, as a result of the strong objections to the 'one third proposition' by the Democratic Progressive Party (DPP), Taiwan's opposition party. In summary, CHT is essential for promoting the government's privatisation policy to improve the efficiency of business operations, accelerate the timing of decision-making, and responding to the global demands e.g. 20% foreign investment and joining the World Trade Organization (WTO).

In this chapter so far I have outlined the background and reasons for the privatisation policy. In the following section, I explore both the privatisation of CHT and analyze its initial share release.

6.4.1 The Process of Privatisation in the Chunghwa Telecom Company

CHT would become a private enterprise on 30 June 2001, based on the decision of the Executive Yuan. The principles of privatisation of CHT included maintaining a single privatised CHT entity with its business not scattered, achieving the goal of privatisation by releasing State-Owned shares, prior release of shares to the Local Institutional Investors and Overseas Investors in the first stage, and releasing shares to Local Individual Investors and the CHT Employees in the second stage (Huang, 1999: 76).

During the first stage of privatisation of CHT, it was planned that 33 percent of the firm's shares would be released, including 12 percent designated for overseas investors. The remaining 21 percent would be released to Local Institutional Investors (3 percent), Local Individual Investors (13 percent) as well as CHT employees (5 percent). The first phase was scheduled to be accomplished by the end of 2000.

It was planned that the second stage would get underway at the beginning of 2001, at which time CHT would sell another 33 percent of its shares, with 20 percent provided to Local Individual Investors and 13 percent to CHT employees (refer to Table 6.3). The features of the second stage of privatisation of CHT are similar to the privatisation of British Telecom. That is to say, the government released government-owned shares on the Stock Market to achieve the goal of transferring the property of CHT to private ownership (Liaw, 1999: 58).

The Taiwanese system of privatisation of State-Owned Enterprises is different from that used in other countries, notably in the percentage of shares released to different categories of ownership. According to regulation No.2 of the Transferring Private Enterprises from State-Owned Enterprises Law, State-Owned Enterprises are considered privatised if the government sells more than 50 percent of the shares. Thus, most of the Taiwanese State-Owned Enterprises have sold over 50 percent to achieve privatisation, including CHT.

Table 6.3: The Process of Privatisation in the Chunghwa Telecom Company

Buyers	October 2000	June 2001	December 2002	April 2003	June 2003	July 2003	November 2003	Total
Local Institutional Investors	2.87 % (Price per bundle 104,000 Yuan)	1.81 % (Price per bundle 57,000 Yuan)	-	2.32 % (Price per bundle 50,000 Yuan)	-	-	-	7%
CHT Employees	-	-	-	-	1.5 % (Price per bundle 40,000 Yuan)	-	1.55 % (Price per bundle 45,000 Yuan)	3.05 %
Overseas Investors	-	-	-	-	-	11.51 % (Price per bundle 49,000 Yuan)	-	11.51%
Private Telecom Enterprises	-	-	13.47 % (Price per bundle 50,300 Yuan)	-	-	-	-	13.47%
Total								35.03 %

N.B.Yuan=Taiwan dollar 1A\$=25 Yuan

Source: Compiled by the author, integrating the report of the news release of the Ministry of Transportation and Communications (MOTC) on 4 August, 2000 and the Chunghwa Telecom Workers' Union (CTWU) on 10 December 2003

However, in practice, the release of State-Owned shares in CHT did not progress smoothly. According to a 2001 report by the Ministry of Transportation and Communications, only 4.68% of shares were released in the first and second stages instead of the anticipated 66%. Obviously, in the short-term, CHT still remained a State-Owned company and found it very difficult to achieve the goal of 66 percent privatisation, because Taiwan's parliament had determined that CHT would only be allowed to sell shares through overseas sales or auctions after completing at least 10 domestic public offerings (Business World Online, 2 June 2003). However, this tough restriction was moderated in recent years. In December 2002, an additional 13.91% of CHT shares was released to special private telecommunications enterprises (the Cathay Group and Fubon Group) and this was followed by 2.32% to Local Individual Investors in March 2003; 1.5% to CHT Employees in June 2003; 11.51% to Overseas Investors by the company's American Depository Receipt (ADR) deal in July 2003; and 1.55% to CHT Employees in November 2003, respectively. As a result, the Ministry of Transportation and Communications (MOTC) still held almost 64.97 percent of CHT shares up until 2005 (See Table 6.3).

6.4.2 The Impact of Privatization on CHT Employment

Before privatisation, few employees were dismissed from Taiwanese State-Owned, or public sector, enterprises. Thus, the employees of the Taiwanese State-Owned Telecom organization (DGT) saw employment in the Telecommunications industry as a "job for life". For many years, the Chunghwa Telecom Company's forerunner regularly recruited and promoted people, increasing the number of employees, rather than retrenching staff. In privatisation, the CHT management and the state shared a common ideology: neither envisaged an important role for trade unions in macro-

economic management, on the one hand; or workplace governance, on the other, based on the fact that CHT was a government-owned company.

In October 1999, there were 35,072 employees in the Chunghwa Telecom Company (CHT), many of whom were more than fifty years old. Lan (2000) states that the average age of the employees in CHT was 44.7 years in October 1999 (See Table 6.4.2) and generally the staff had higher qualifications when compared with the average of Taiwanese citizens. The average age of male workers and female workers were 46.62 and 43.75 respectively. Chang (2003) found that the CHT had less employment mobility for its employees because it offered a stable employment workplace and better working conditions than other jobs. CHT employees identified with the organization and believed they had a “job for life”. The average ages of the CHT employees remained steady at 44.65 in December 2002 (see Table 6.4). The average ages of male workers and female workers were 45.39 and 42.67, respectively. Some scholars (e.g. Lan, 2000: 3-4) showed that the previous figures presented the age of CHT employees have elder-oriented and thus they affected the CHT competition with other telecommunications during privatisation, while other researchers (e.g. Wu, 2002: 3-4) considered that the CHT employees have a loyal attitude with CHT management in response to a restructuring environment, based on its stable employment.

Table 6.4 Age of the employees in the Chunghwa Telecom Company (October 1999 and December 2002)

Range Age	October 1999	December 2002	Change (%)
65+	38	14	63
60	1,080	571	47
50	7,195	6,615	8
40	17,884	15,549	13
30	7,362	4,612	37
21-	1,513	1,608	6
Under 20	-	-	-
Total	35,072	29,100	

Source: Chunghwa Telecom (CHT) (1999) and Chunghwa Telecom (CHT) (2002)

According to a report of the Department of Accounting and Statistics (1999), 55 per cent of CHT employees reached an educational level at least equivalent to TAFE, in 1999 (See Table 6.5). Most employees in CHT were members of the Chunghwa Telecom Workers' Union (CTWU) because of the legal situation on described elsewhere. Similarly, more than 62 percent of the CHT employees had at least the educational level of TAFE in 2002 (See Table 6.5). In the partial privatisation of the CHT, the average age of employees declined a little, from 44.67 years in 1999 to 44.65 years in 2002. In terms of educational levels, the CHT employees had a higher level of education than before.

Table 6.5: Educational Level of the employees of the Chunghwa Telecom Company (October 1999 and December 2002)

Educational Level	October 1999	December 2002	Change
Ph.D.	61	145	+84
Master's degree	1,766	2,238	+472
Bachelor's degree	6,737	6,509	-228
TAFE	10,755	9,218	-1537
Senior High School	11,999	8,919	-3080
Junior High School	3,677	1,940	-1,737

Source: Chunghwa Telecom (CHT) (1999) and Chunghwa Telecom (CHT) (2002)

By December 2002, the number of employees in CHT had fallen to 29,100, down by 5,972 four years earlier (See Table 6.6).

Table 6.6 The Employment Change of CHT in the government's policy of privatisation

	October 1999	December 2002	Change
CHT Employees	35,072	29,100	-5,972

Source: Chunghwa Telecom (CHT) (1999) and Chunghwa Telecom (CHT) (2002)

The relationship between CHT management and the CTWU was built on a harmonious interactive mechanism from 1999 to 2002 (CHT, 2002:18-19). For example, the CHT management adopted a cooperative approach with the CTWU in the enacting of the Collective Bargaining Agreement, in order to improve work efficiency, employee welfare; they enacted work rules, clearly regulated the rights and obligation for CHT employees, according to the regulation of Labor Standards Law, Article 70 in Taiwan; held a 'Labour-Management Committee' meeting once a month, in order to listen the voice of employees in CHT workplaces, and eventually promoted the harmonious atmosphere with the CTWU.

6.5 Industrial Activity

'Industrial Activity' was one of seven headings of the model developed in Chapter 2. This term is the first indicator of union effectiveness in this thesis. In the following section, I will investigate how the use of industrial action protected members' interests of the CTWU in the privatisation process.

In March 2000, the Conditional Support Group won the second election for union representatives. The differences of opinion and divergent political aims between the two rival factions set the scene for delays and demands that have slowed progress towards the full privatisation of CHT. The Conditional Support Group did not support the approach of opposition to management but still questioned the policy of CHT's privatisation. A senior CTWU official explains why the release of CHT shares did not progress well:

The Conditional Support Group in CTWU argued that the government-owned assets should not be sold at the lowest price. If the release CHT price was set at about 50 Yuan (similar to A\$2.50), it would be easy to achieve the privatised goal (Kao, Female, CTWU Middle Level).

In August 2000, Chu-Lan Yeh, the Minister of Transportation and Communications, released details of the CHT employees payment packages to the public (See Table 6.7). Effectively Ms Yeh was telling the Taiwanese people that the CTWU members were highly paid people. The release of this information was a breach of trust that went against the Taiwanese concept of a person's private confidential affairs (Chang, 2000:38). Her main reason for doing so was in preparation for selling CHT shares, at A\$ 5.20, on the open market in the near future. Her strategy was to put the public on notice that CHT personnel were highly paid and, therefore, could afford to buy shares at a higher price. But if the CHT personnel were highly paid, then it would also have

high labour costs, so investors would not buy shares in such a company. The corollary was that the CTWU wanted to buy shares at a low price and sell them at a big profit. She stated that this “greedy behaviour” may be against the interests of Taiwanese social justice.

Table 6.7: The comparative salary of CHT employees and public servants

CHT Employees	Monthly Salary (Yuan)	Other Public Servants	Monthly Salary (Yuan)	CHT Salary Gap (Yuan)
Senior Managing Director	153,439	Senior Director	117,353	-36,086
Section Chief	129,037	Section Chief	73,860	+55,117
Basic Management	87,226	Senior employees	54,248	+32,978
Salesman (A)	68,593	Lowest Status and Lowest paid employees	44,909	+23,684
Salesman (B)	56,571	Administrative employees	36,304	+20,267
Salesman (C)	58,895	Contract employees	32,401	+26,494

N.B. Yuan= Taiwanese dollar 1 A\$=25 Yuan; Source: News Release, Ministry of Transportation and Communication (MOTC), 9 August 2000.

A senior union official explains why CTWU members were not members of a high revenue class in Taiwan:

In CHT, the salary of the CTWU membership was received by means of a unitary salary⁸⁸ from the government. That is to say, in the working period, the salary of CTWU members was higher than common administrative staff serving in Public Sector. However, there was no extra welfare or allowance when CTWU members achieved retirement age. Indeed, the salary of CTWU members was not as high as Taiwanese citizens thought, compared with other public servants in Taiwan (Ku, Male, CTWU High Level).

When Chu-Lan Yeh disclosed the salary of the CTWU membership to the public, it not only caused a difficult situation in relation to releasing CHT shares, but also

⁸⁸ Unitary Salary means a salary payment which does not include payments into a pension scheme.

stirred up the collective action of the CTWU, because such ‘personal’ data was considered highly confidential in the minds of Taiwanese Chinese and its release to the public was deemed to be a serious breach. This is not the same as in Australia where salaries and remuneration are “on the public record”.

The CTWU argued that the MOTC allowed CHT to set a floor price for their shares, without first working out measures to protect the working conditions and the civil servant status of telecom employees after Chunghwa’s privatisation (Lu, 2000:3). It therefore called for the union’s key members, island-wide, to gather in Taipei and it convened a meeting of directors and supervisors to discuss the organization of a mass protest march to the Executive Yuan, to demand protection of telecom workers’ rights and guarantee their civil servant status.

On 16 August 2000, around 13,000 CTWU members “took to the streets”, as well as more than 500 representatives of kindred organizations. The turnout was unprecedented, and at 7:00 a.m. the rally gathered at the main gate of the Chiang Kai-shek Memorial Hall to begin a march that took them from the Legislative Yuan to the Executive Yuan (CTWU, 2000:1). As they arrived at the Legislative Yuan, the Conditional Support Group submitted a petition to the Chairman of the Legislative Yuan, Jin-Pyng Wang. In this protest march, a senior CTWU official depicts the main purpose, as below:

In partial privatisation, the wish of the CTWU membership was to maintain job security as well as public servants’ status. Thus, CTWU members started to worry about the employment change after CHT privatisation. However, Taiwan’s government could not convert the employment interests of the CTWU membership into the revenue of the government’s finances but regarded the CTWU members as a greedy group in the Taiwanese State-Owned Enterprises (Wang, Male, CTWU High Level).

On that day, the marchers also met the Secretary-General of the Executive Yuan, Chi-lin Wei, with whom the following agreement was worked out:

1. The Executive Yuan recognized the efforts of the CTWU leadership to fight for the employment interests of its members.

2. The Privatisation of State-Owned Enterprises was part of the nation's policy, and any problems that occurred during the privatising of CHT with regard to the rights of the CTWU membership and their civil servant status shall be considered by the CTWU leadership and CHT chairman Chi-Kuo Mao immediately after the latter took office. Any other issues shall be dealt with by the MOTC.

3. All other issues falling outside the labor-management relationship shall be dealt with by a special task force to be set up by the Executive Yuan (CTWU, 2000:1).

As a result, the CTWU successfully delayed the privatisation process after clearly expressing their wishes in relation to privatisation, through this protest march (Lu, 2000: 2), although the three-point agreement only referred to recognition of the CTWU's role in negotiations with management and of a commitment to consider issues outside the management-labour relationship under a special government task-force.

In the CTWU, the Anti-Privatisation Group took diverse political and industrial action as a protest against CHT's privatization. The forms of industrial actions the Anti-Privatisation Group used were: petition; protest march; voting to strike, and picket line.

6.5.1 Petition

A plan to reduce CHT shares had been announced by Taiwan's government for preparing the year's revenue, from 26 to 29 April 1999. However, the Anti-Privatisation Group mobilized 5,000 members to petition and force the Legislative Yuan to cancel plans to release CHT shares, so as to guarantee its members' working rights (CTWU, 2004: 34). In Taiwan, the petition strategy was linked with political action for the CTWU against CHT's privatisation. On 21 September 2003, over 1,000 supporters representing more than 80 Taiwanese labour unions surrounded the Legislative Yuan.

6.5.2 Protest March

On 23 September 2003, around 5,000 supporters gathered outside the Legislative Yuan to protest against the government's privatisation policies. At the demonstration, the CTWU members stood in the rain, shouting slogans, singing songs, blowing whistles and waving flags. In this way, they attracted the attention of the public and the media.

In addition, the CTWU launched an important campaign in this protest march - "Rescuing the whole people's assets, objecting to a financial group running the country, and defending labours' rights and interests". A press report described how Hsu-Chung Chang (union chairman of the CTWU) explained why this campaign was significant in CHT's privatisation:

The government says privatization will make the industry more competitive, but that's not the real reason...In fact, the CHT is the most profitable telecom company in East Asia...There is no doubt the company (CHT) would be a juicy prize for private speculators, with its 13 million fixed line customers and 8 million mobile subscribers, with all this infrastructure having been built-up by public financing.

6.5.3 Voting to strike

On 14 April 2004, a press report stated that Hsu-Chung Chang planned to hold a large general membership meeting to discuss whether to strike on 2 May 2004. He said:

Negotiations with the CHT management have not gotten us anywhere. This is really our last resort... Once the CTWU obtains members' approval for a strike, it would call a strike when the percentage of the CHT stock owned by the government falls under 50 percent⁸⁹.

On 2 December 2004, Hsu-Chung Chang told the Taiwan News that the CTWU would go on strike in response to CHT's privatisation. At that time, he said:

CTWU is seeking an 80 percent turnout for the vote, even though only 50 percent is needed... CHT is a vital national asset. Only through a successful vote for right to strike can we ensure CHT is not sold out to big business and defend labour rights⁹⁰.

On 5 December 2004, a press report described how more than 17,000 CTWU members voted to pass a resolution to go on strike in an effort to thwart the legally mandated privatisation of the state-run firm. The CHT had 28,000 staff at that time.

Hsu-Chung Chang described the result:

This vote was held because the telecommunications company's management and government ignored the labour union's appeals for a guarantee that the same working conditions, benefits, and pensions, after the former monopoly becomes a private industry... The vote will give the labour union more bargaining leverage in future negotiations with the management... If Chunghwa Telecom workers go on strike, it will be done in a way that will least disturb subscribers and users of Chunghwa Telecom services⁹¹.

⁸⁹ Joy Su, 'Chunghwa Telecom union planning strike meeting', 15 April 2004, Taipei Times, page 2

⁹⁰ Shih Hsiu-chuan, 'Chunghua Telecom union may go on strike', 02 December 2004, Taiwan News, <http://www.etaiwannews.com/Taiwan/Business/2004/12/02/1101954817.htm>

⁹¹ Wang Hsiao-wen, 'Telecom workers vow to strike', 06 December 2004, Taipei Times, <http://www.taipetimes.com/News/taiwan/archive/2004/12/06/2003213961>

According to Taiwanese Labor Law, any strike in Taiwan needs approval from at least 50 percent of the employees. In the vote, the resolution was overwhelmingly passed with 17,118 votes (or 54 per cent) in favour of a strike against privatisation plans. The referendum-style vote began the largest labour rally turnout in Chunghwa Telecom's 47 years history.

6.5.4 Picket line

On 20 July 2003, the CTWU tried to mobilize all the other cadres in the provinces against the plan to buy back CHT shares from the market (which would speed up privatisation). At that time, the CTWU blocked members of the board of directors from going into this temporary board meeting (CTWU, 2004: 35). After this protest, the Ministry of Transportation and Communications declared that the CHT should postpone implementing a 'share repurchase scheme'. Thus, the CTWU obtained a good result in fighting against CHT's privatisation.

From the information above, it is clear that the whole CTWU (both the Conditional Support Group and Anti-Privatisation Group) mobilized in a variety of ways to oppose CHT's privatisation. Some researchers suggest that union power is based on the perception of the union's members and depends on the union struggling against management (Lu, 2000: 3). However, many unions in Taiwanese state-owned enterprises meekly followed management towards privatisation, which the members took as a sign of weakness (Wang, 2004: 38). The previous studies were important in analyzing union power, but their research neglected the aspect of financial strength in relation to unions' industrial activity. In CTWU, there is a "strike fund" established for such industrial activity. CTWU records show (2004: 34) that, the Anti-Privatisation Group, on 27 November 1997 placed a motion, "firmly against privatisation of state-

operated enterprises” into the constitution at the Second Meeting of the Second Session of the First Members Representative Assembly of the CTWU, in order to affirm its determination to oppose privatisation.

Furthermore, the CTWU, on 3 December 1998, held a press conference to issue the first set of strike telephone cards⁹², in order to raise funds and strengthen the power of the CTWU. Up to August 2004, the strike fund had reached approximately 1.3 million Australian dollars (See Table 6.8). Financial support played a decisive role in mobilising industrial action in the CTWU, according to the Journal of CTWU (2004: 50).

Table 6.8 Current revenue in Strike Fund, the CTWU

Item	The revenue of last month	The revenue of current month	The expense of current month	Total (Taiwanese dollars)
Cash	117	0	0	117
Taiwanese dollars	117			117
Bank Saving	33,872,911.9	98,166	50	33,971,027.9
Flexible Cash	75,110.0	98,166	50	173,226.9
Cash in Chinese Postal Corporation	17,411.9		50	17,361.9
Cash in Taiwan Bank	57,699	98,166	0	155,865
Term deposit	33,797,801	0	0	33,797,801
Term deposit in Taiwan Bank	33,797,801			33,797,801
Total (Taiwanese dollars)	33,873,028.9	98,166	50	33,971,144.9 (approximately 1.3 million Australian dollars)

1 A\$= 25 Taiwanese dollars

Source: Chunghwa Telecom Workers’ Union, 25 August 2004, No.7 p.49

⁹² In order to increase the financial strength, the CTWU sold the CHT telephone cards to expand its strike funds in fight for the CHT management during privatisation.

6.6 Political Activity

'Political Activity' is the second indicator of union effectiveness in this thesis. The effectiveness of political action adopted by unions must include long-term tactics to influence voters in general and law makers (Masters, 1998: 341). In the CTWU, two main forms of political action were used by the Anti-Privatisation Group in response to CHT's privatisation: lobbying of politicians and actively helping to select legislators candidates who favoured their views. In the next section, I will explore how the CTWU adopted political action well, in order to delay or stop the progress of privatisation.

6.6.1 Lobbying politicians

A. Public hearing

On 10 July 2003, the CTWU gathered strong support from many legislators and scholars in a Congressional public hearing. In this meeting, the vast majority participants opposed the implementation of the Share Repurchase Initiative in CHT. This strategy aimed to influence the government's policy through reasoned public argument. For example, the share repurchase made Taiwan's government give profit to the conglomerates, as Cheng (2003:30) argue in Taiwan 'privatisation can be seriously affected if the political context is not taken into account alongside the economic', and CHT lost its competitive ability in the Communications market, once CHT borrowed money to implement the Share Repurchase Initiative (Taipei Times, 2003: 4).

B. Lobby Presidential Candidates and political party

On 27 July 1999, a press report described how the CTWU asked presidential candidates (Shui-bian Chen and Chu-yu Sung) to state their position on privatisation.

In the same year, the CTWU went to the Fifteenth KMT National Representative Assembly and requested access to the government's current policy on privatisation (CTWU, 2004: 34). This strategy included a protest march on 23 September 2003.

Hsu-Chung Chang said:

The CTWU planned to stage a public debate in (the coming) February, at which the presidential candidates would spell out their stance on privatisation⁹³.

C. Making a series of “Anti-Privatisation” brochures to legislators

In order to strengthen the CTWU position, it chose to persuade legislators through a series of anti-privatisation brochures, written by scholars and specialists in privatisation policy (Chang, 2003: 55). Importantly, the CTWU asked their members to explain the drawbacks of “privatisation policy” to every legislator, individually. This strategy was based on making use of the four parties coexisting in the Legislative Yuan.

6.6.2. Selecting Candidates

The success of this strategy depended on three steps. Firstly, the CTWU nominated a list of candidates, and this action influenced the voting patterns of union members. Secondly, the CTWU asked members to assist in the election of anti-privatisation candidates. Thirdly, the CTWU wanted suitable candidates to have a “pro-labour” background in order to implement an anti-privatisation policy. All of these steps showed that the protest ability of the CTWU – having some 29,000 members and a militant leadership – could not be ignored in Taiwan's electoral process, which requires only 30,000 votes to elect a Delegate to the Congress. This observation is based on the members' huge support at the vote. This strategy was a clear case of

⁹³ Joy Su, 'Chunghwa union protests privatisation', 24 September 2003, page 1, Taipei Times, <http://www.taipetimes.com/News/front/archives/2003/09/24/2003069003>

successful “industrial democracy” (Chang, 2003: 55). Relevant regulations on industrial democracy appeared, enacted on 30 June 2000, in 1, Article 35 of an Administrative Law on State-operated Enterprises. Three representatives recommended by the Workers’ Union were elected to the CHT directors’ posts for the first time; appointed to implement the goals of industrial democracy (CTWU, 2004: 34). In line with this, industrial democracy was benefited by CTWU decision-making with CHT management over privatisation.

Indeed, one may observe that a union is an instrument to express a collective voice for members. Previous studies analyzing political action by Taiwanese unions neglected the influence of the mass media. As Chang (2003: 5) noted, ‘all the anti-privatisation policies have to combine with the mass media image. Otherwise, union policies were merely a series of words’. In line with Chang’s view, Kao (2003: 113) agreed that the media is a helpful tool to express a union policy, as in the case of the CTWU.

From 28-29 May 1999, leaders of the CTWU firmly kept pressure on the Legislative Yuan, fighting against the enactment of the CHT share releasing budget and suggesting its cancellation. As a result, the budget was forced out by the KMT Party (CTWU, 2004: 34). On 22 April 2005, Hsu-Chung Chang (union chairman of the CTWU) told Laurence Coates in Taipei why the CTWU used strikes against the Democratic Progress Party (the DPP, ruling party) in CHT:

The formerly pro-independence DPP is a party that has shot to the right, embracing standard neo-liberal economics, flowing from its victory in the year 2000, which ended fifty years of the rule by the Kuomintang (KMT) Party. In opposition, the DPP, which emerged as a national force in the struggle for democratic rights under the KMT dictatorship, advocated a “welfare state” and had many features of a social democratic party. “They talked about copying the Swedish and German examples”... But in practice, the DPP has continued and, in some respects, speeded up the anti-working class policies of the KMT leaders⁹⁴.

Other opinion states that many union leaders certainly feared waning government attention for their policy position, even from their purported political allies in situations where social-democratic political parties had been strong (Levesque and Murray, 2002: 48). From this analysis, it is clear that the CTWU used political action well to delay or stop the progress of CHT’s privatisation plans. All the political actions heavily relied on the use of media to publicise policies and actions against CHT privatisation clearly.

6.7 Inter-Union Solidarity

‘Inter-Union Solidarity’ is similar to the concept of ‘External Solidarity’, one of local union power resources (Levesque and Murray, 2002: 46), mentioned in Chapter 2. External solidarity encompasses the building of alliances among unions, community groups and social movements. This kind of solidarity is in contrast to ‘internal solidarity’. The third indicator of union effectiveness in this thesis is ‘Inter-Union Solidarity’. In the following section, I will examine where and how the CTWU used national and international union support to respond to CHT’s privatisation aspirations.

⁹⁴ Laurence Coates, ‘Telecom workers fight privatisation’, 22 April 2005, <http://www.socialistworld.net/z.cgi/pf/pf.cgi>

6.7.1 Coalition building with national unions (the Conditional Support Group)

As mentioned, on 16 August 2000, the CTWU mobilized a huge protest march in response to privatisation. At that time, the Conditional Support Group convinced more than 500 representatives of kindred organizations to march with them, such as the Chinese Federation of Labor (CFL), the Chinese Federation of Postal Workers (CFPW), the Northern Taiwan Postal Workers' Union, the Chinese Federation of Railway Workers' Union, the Taiwan Railway Labor Union, the Taiwan Highway Workers' Union, the Taiwan Motor Transport Corporation Workers' Union, the Confederation of Taiwan Trades Union, the Taiwan Rapid Transit Corporation Workers' Union, the Kinmen Kaoliang Liquor Workers' Union, and The Labor Rights Association, to name a few.

Despite this protest, no national or international union support was forthcoming during the rule of the Conditional Support Group. This situation, as O'Grady and Nowak (2004: 159-160) said, suggests that the real issue of 'Community Unionism' is seen in unions building genuine long-term alliances is working relationships with community and other groups.

6.7.2 Coalition building with national and international unions (the Anti-Privatisation Group)

The Anti-Privatisation Group encouraged the CTWU to work at increasing its power through collaboration with other non-telecom unions. In the privatising process, trade unions in Taiwanese State-Owned Enterprises seldom struggled for the interests of their members, apart from fighting on the issues of salary levels and redundancy policy. The CTWU found that privatisation could not be viewed as an isolated event but that it was closely related to the politics, economics and the aspirations of the society of the day. In this situation, the CTWU had to mobilise the larger union

movement against privatisation for two major reasons. One was to upgrade the level of agitation in the Taiwanese union movement. The other was to increase the CTWU's bargaining strength with CHT management throughout the process.

On 23 September 2003, the CTWU appealed to “rescuing the property of the whole people”; fighting against consortium rules and protecting rights and interests. It meant that the rights and interests of Taiwanese citizens retained control of CHT and other Government infrastructure. They mobilised 5,000 members to sign a petition to the Legislative Yuan. On that day, the CTWU persuaded more than 1,000 members from kindred unions from the whole of Taiwan to express support (CTWU, 2004: 35).

Some researchers have suggested national support for the CTWU's actions mainly came from the “Anti-Privatisation Association” formed by 27 State-owned and public enterprises unions on 30 September 1994 (Chen and Wong, 2002: 42). This point of view neglected the importance of other factors such as involving social movements. The CTWU (led by the Anti-Privatisation Group) was keen to take part in many rallies about social issues (more than twenty times) but not all the activity was relevant to the CTWU itself (Chang, 2003: 56). For example, on 18 May 1997, the CTWU mobilized members to participate in the great march of ‘Loving Taiwan on Foot’⁹⁵ on 18 May. Hsu-Chung Chang (union chairman of the CTWU) served as the first contingent's commander of protesters. On 21 September 1999, the CTWU got employees to contribute one-day's salary to subsidize their fellows in rebuilding home that had suffered damage in a tremendous earthquake on that day. This situation was similar to the Telstra case – the CEPU would consider industrial action if Telstra

⁹⁵ This phrase means that the real Taiwanese is to love its home land rather than mainland China.

failed to cooperate with CEPU over the compensation claims (for Telstra consumers), mentioned in Chapter 5.

Besides national union support, the CTWU received much international union support at a protest march on 23 September 2003, such as from Korea Telecom Union, American Telecom Union and other allied international unions who also opposed privatisation. How was this support possible? According to Lee (2003: 30-31), Hsu-Chung Chang progressively pursued the goal of CTWU internationalization. In the case of Korea Telecom Union, he and several CTWU union officials flew to Seoul to join a strike organized by the Korean Democratic Labor Union in January 1997. In this cross-national protest, every CTWU participants in Korea experienced extreme hardship and tolerate extreme cold weather to take part (temperatures below minus 10). In this protest, the CTWU had the chance to contact Mr. Huo-Shien Kim, a union chairman of the Korean Telecom Union. After this protest, the CTWU built a deep and interactive relationship with the Korean Telecom Union. Thus, the Korean Telecom Union was eager to support the CTWU protest on 23 September 2003.

Compared with the Conditional Support Group, the Anti-Privatisation Group built a long-standing coalition with national and international unions. It seems that the Anti-privatisation Group continued its concern for social issues (e.g to take care of the national union movement rather than itself), to pursue the goal of a social union movement (e.g. coalition building with the Korean Telecom Union), and ultimately, to increase union opposition to CHT's privatisation.

6.8 Intra-Union Solidarity

'Intra-Union Solidarity' is the fourth indicator of union effectiveness during privatisation to be discussed in this thesis. In addition, intra-union solidarity relates to the concept of 'Internal Solidarity' adopted by Levesque and Murray (2002: 46), as mentioned in Chapter 2. In their classification, internal solidarity includes the various forms and degree of membership participation, the existence of delegate and steward structures, the methods of communications between workers and leaders, and more generally, the relationship between workers and their unions.

Conventionally, telecom union members are predominately males, and in the past union policies have been dominated by the interests of one group: skilled, male, activists (Bradley, 1994: 51). In the next section, I will investigate how the CTWU treated all members' interests equally in the privatisation process.

6.8.1 How the Conditional Support Group obtained intra-union solidarity with the CTWU members

In order to secure salary maintenance after privatisation, the CTWU adopted a strategy - a Collective Bargaining Agreement to ensure the working conditions in the privatised CHT. On March 2000, the Conditional Support Group used a cooperative strategy to get the CTWU membership to vote with them. Two CTWU union officials explains why CTWU membership agreed with the Conditional Support Group's response to privatisation:

Most CTWU members changed their attitude in support of the privatisation policy with CHT management, because they considered CHT would lose a lot of business opportunities and face restricted regulations because CHT would still be governed by the Public Servants Law while it remained as a State-owned company (Ho, Male, CTWU High Level).

Besides cooperating with CHT management, the main aim of the Conditional Support Group was to continue to get support of the CTWU members by way of an improved Collective Bargaining Agreement (CBA). As a senior CTWU union official notes:

In globalisation, CHT must face international competition. Thus, the CTWU followed the government's policy of privatisation, but CHT management needed to secure the Collective Bargaining Right of CTWU in partial privatisation. In this context, the CTWU will make sure that all members' interests through the CBA in a privatised CHT, will be secured for the future (Wang, Male, CTWU High Level).

In CHT, there is a mechanism called the "Collective Bargaining Committee" (CBC). The CBC has the important functions of reporting and discussing all matters relevant to labour-management relations, such as the degree of salary increase. The members of the CBC selected five representatives from both CTWU and CHT management to draft a Collective Bargaining Agreement (CBA). Usually, each CBA has a term of two years. If either of the parties wants to revise the content of the CBA, it has to inform the other party two months ahead of the CBA deadline (report of CHT, 2002).

The CTWU met to negotiate the contents of a CBA with CHT management twenty-nine times before it was passed at a CHT Board of Directors Meeting (CHT, 2002:6). In January 2002, the CTWU and the CHT management sent the final version of the CBA on which they compromised to the Ministry of Transportation and Communication (MOTC) and the Executive Yuan for approval. The important items of this CBA included salary, retirement age, vacation and other leave, bonuses, overtime, working hours, and work insurance in the privatised CHT workplace. Two CTWU union officials describe the progress of the Collective Agreement in CHT as below:

In the CHT partial privatisation, the CTWU asked the new CHT owner to abide by the CBA enacted between CTWU and State-Owned CHT management. For example, the new CHT owner has to maintain the same salary as when CTWU members served in the State-Owned CHT, except if the new CHT owner makes a loss, in which case employees might face salary reduction (Wang, Male, CTWU High Level).

The Council for Economic Planning and Development (CEPD) and the Executive Yuan disagreed on the version of the CBA submitted by the CHT management and the CTWU to regulate the working conditions of the privatised CHT because it could mislead the government into compromising with the new owners' over the right to negotiate with new CHT employees (Lin, Male, CTWU High Level).

In addition, the CEPD was concerned that other Taiwanese State-Owned Enterprises, apart from CHT, would also want to negotiate a CBA in their own privatised workplace, once the MOTC and the Executive Yuan approved the CHT CBA. Moreover, in February 2003, the revised version of the CBA, as promulgated by the MOTC, had many alterations compared to the version that had been agreed; such as the regulations of retirement for the CTWU membership. According to Article 39 of the Collective Bargaining Agreement, as revised by the MOTC, the calculation of work experience in CHT could include previous work experience when the State operated CHT. However, previous experience could not be considered in calculating the CHT pension. Obviously, this revised version of the CBA, being pushed by the MOTC, stripped away the employment interests of the CTWU membership once they reached retirement age.

Enacting the CBA which applied in a privatised CHT was difficult for the CTWU, mainly because of opposition from the government (see Table 6.9). As Pan (2000: 5) noted, there was a critical issue; that state intervention in Taiwan regarding collective bargaining agreements had to be submitted to the authorities for approval. It stipulated

“if the authorities found any provisions contrary to law or regulation, or incompatible with the progress of the employer’s business, or is not capable of maintaining the workers’ normal standard of living, the said provision shall be cancelled by the authorities”. It seems that pursuing a CBA in a privatised CHT was a misguided strategy for the CTWU to choose in response to CHT’s privatisation.

Table 6.9 The responses of the Ministry of Transportation and Communication (MOTC) after 16 August 2000

CTWU Campaign	The Responses of the Ministry of Transportation and Communication (MOTC)
Maintain the existing salary, and no salary reduction	Difficult to execute
Maintain the retiring age by law	Difficult to execute
Maintain the two days left per week as a public servant and the business still maintains the service for seven days a week	Possible to execute
The retiring age by the voluntary wish has to combine the working experience before privatisation and cannot be added to the retirement income	Difficult to execute
Maintain the existing system of working leave and vacation	Possible to execute
Maintain the award for senior employees	Possible to execute
Exemption to pay the fee of public insurance for the CHT employees serving in CHT for thirty years	Possible to execute
The CTWU membership can select the retirement monthly income when they have served twenty-five years in CHT	No discussion

Source: Chunghwa Telecom Workers’ Union (2001:1)

In fact, the Conditional Support Group neglected various opinions which existed in the union as a whole. A CTWU union official explains the ineffective operation in the current revised version of the CHT Collective Agreement as follows:

Right now, the economic environment in Taiwan is not beneficial for the CTWU to negotiate better working conditions for their members through the Collective Agreement, stemming from the high unemployment rate in Taiwan, the decreasing number of customers in CHT, and the recession in the global economy (Ku, Male, CTWU High Level).

From Ku’s interview, one can see why the CTWU members no longer supported the Conditional Support Group in the third election for a CTWU chairman. This was mainly because of sacrificing membership participation if a union adopted a ‘dual-commitment’ with the employers and with their members. In the third election, the Anti-Privatisation Group defeated the Conditional Support Group by just one vote (see Table 6.10). These figures showed that the goal of industrial democracy has been seen in the three elections of CTWU President (Kao, 2003: 101).

Table 6.10 The outcomes of three elections of CTWU chairman (from 1996 to 2003)

The election of CTWU chairman	The Anti-Privatisation Group	The Conditional Support Group
First election of CTWU chairman (125)	70	55
Second election of CTWU chairman (125)	50	75
Third election of CTWU chairman (119)	60	59

Source: Chunghwa Telecom Workers’ Union

In the past, the CTWU had a strong political-legislative focus. Masters (1998: 315) described the feature of the Public-Employee Union as part of the movement to reform government and to work for enactment of civil service laws. Similarly, union members treated the union as a necessary protection against a powerful employer, as Fosh (1993: 580) suggested. Thus, union leadership needed to heed members’ attitude fairly well, particularly in a period of restructuring.

6.8.2 How the Anti-Privatisation Group obtained intra-union solidarity with the CTWU members

In contrast, the Anti-Privatisation Group wanted to achieve increased membership participation in order to respond to CHT's privatisation, through four strategies: labour education, establishing a privatisation policy committee, promoting a CTWU website, and focusing on female members' interests.

A. Labour Education

The Anti-Privatisation Group promoted labour education. Owing to the fact that information about privatisation was provided by CHT management, it did not uncover the whole picture of the employment interests of CTWU members. In this context, the CTWU prepared to highlight the negative consequences of privatisation for their members, through public announcements. If the CTWU membership could more clearly understand the impact of privatisation on their employment interests, it was assumed they would support CTWU's opposition to the plan.

B. Establish a privatisation policy committee

The Anti-Privatisation Group established a privatisation policy committee to research how to combat the government's policy on 24 November 1997. The main goal of this committee was to gather information about the effects of privatisation policy, based on the work of academic scholars and researchers. This became a useful foundation for CTWU strategies in their response to privatisation.

In this committee, many researchers contributed their points of view. In her research, Chen (1997) argued that Taiwan's privatisation strategy simply meant transferring government-owned assets to make more profit as private enterprises. It was easy to maintain a monopoly in private enterprises, such as the telecom industry.

In 1997, the CHT recorded a 14 percent profit rate for shareholders, which provided considerable revenue for Taiwan's public finances. In this context, it was hard to persuade ordinary Taiwanese that the government should sell profitable State-Owned Enterprises, such as the CHT.

C. Promoted a CTWU Website

The Anti-Privatisation Group promoted a CTWU website, which aimed to build power through collective action. In the past, the traditional union movement had used the telephone, facsimile or face to face meetings to communicate between the union office and its members. In order for CTWU activities to be promoted internationally, it was deemed necessary to improve the profile of the CTWU website, including the latest news of CTWU activities in an English version.

D. Focus on female members' interests

Call centres are a new form of organizing work, particularly in telecommunications industries. Increasingly firms are using telephone and internet based communications to communicate cost effectively with their customers, sometimes on a 24-hour basis. Why do females choose work in call centres? Conventionally, research suggests females have been employed in the kind of white-collar clerical and administrative work, and women are considered better at using the phone (Taylor and Bain, 1999: 103).

In CHT call centres, nearly 95 percent of employees are females. According to Kao's (2003: 125-6) survey, female employees in CHT call centres encountered worsening working conditions: restriction on toilet breaks, pregnant women working late shifts, intensive unrelieved work answering customer calls, restrictions on the

types of clothing the women could wear, etc. In order to improve the situation, the Anti-Privatisation Group in CTWU held a public hearing -“Waiting for spring to come for CHT call center employees” - with legislators in the Legislative Yuan, in order to express the collective dissatisfaction of the CTWU about the inhuman management of CHT call centre employees. In this public hearing, the Anti-Privatisation Group launched a three pronged campaign on improving conditions for CHT call centre employees: (1) requiring CHT management to do a health check for all call centre employees (2) expressing their concern about working conditions about CHT call centres employees’ hearing loss, eyesight and other health checks, because this workplace is a high radiation area and (3) improving the style of management through collective bargaining, in order to establish a more reasonable system of management in call centres.

In addition, the Anti-Privatisation Group struggled for the interests of CHT call centres employees - one day off every month without a certificate from a doctor (because the call centre is a “risk location” for abortion in female employees; arising from the extreme radiation there). After that, many call centre employees in CHT started to support the CTWU actions against privatisation (Shia, 2004: 59). Moreover, the Anti-Privatisation Group helped call centres employees get a legal right to work in another place if they could pass an examination for promotion in CHT. In other words, the CHT call centres employees could develop a satisfying career without being confined to call centres until retirement age. This in turn increased internal solidarity (members and leaders sticking together), and ultimately strengthened the CTWU’s power.

Besides protecting female members who served in CHT call centres, the Anti-Privatisation Group championed female members involvement in union affairs during

privatisation. For instance, the number of females joining CTWU increased from 7,105 in Feb.1999 to 8,028 in June 2003, as noted in the annual report of the Chunghwa Telecom Company (2003). Also noted in this report, there were 10 female CTWU union officials serving in the headquarters of the CTWU and a total of 30 female CTWU union officials - some in each branch office. Among them, 90 percent of all CTWU officials were male and 10 percent of them were female.

In the CTWU, the Anti-Privatisation Group had to focus on particular employment issues, and especially how the female membership responded to the government's policy of privatisation alongside the employment interests of the majority of their male colleagues, because the membership's 'willingness to act' is a necessary foundation for effective trade unionism, as Offe and Wiesenthal (1985: 185) suggest. The 95 percent growth of female CTWU members in CHT call centres was a decisive factor in mobilising the collective action of the CTWU in response to privatisation (Shia, 2004: 59).

6.9 Service Activity

'Service Activity' is the fifth indicator of union effectiveness in this thesis. The negotiation of individual voluntary redundancy packages was seen as the part of the unions' service activity. In the 1990s, CHT management offered a generous package to its senior employees. Some senior union leaders are vital to union effectiveness because these unionists occupy key positions of power in the labour movement. In the following section, I will explore how the voluntary redundancy packages affected union effectiveness of the CTWU in the privatisation process.

With privatisation, job security was another major concern for most CHT employees. The loss of workers through early retirement and redundancies meant an equivalent loss of senior union organizers, with a resulting reduction in union power. Under the “Transferring State-Owned Enterprises to Private Enterprises” law (Article 8), there is considerable job security for CHT employees. The question of job security only arises during the transfer of State-Owned Enterprises to private enterprise (CHT, 2001:8). But if it was fully privatised, CHT could easily lay off staff. The new, privatised, CHT would be able to alter working conditions at will, in contrast to the present public sector practice.

A senior CTWU union official describes how the CHT redundancy package affected CTWU members:

The company offered generous separation packages. For example an employee, even one with no special skills or qualifications, would earn a A\$ 50,000 bonus if they remained for 5 years with CHT (Yang, Male, CTWU High Level).

Yang indicates that the CHT offered a generous redundancy package for its senior and new employees when privatisation began.

In addition, CHT management also gave a special “redundancy package” to these employees. It was literally called “the Six plus One Salary Package for Voluntarily Resigning Workers”, as translated from the Mandarin. For simplicity, I will refer to it as the “6+1 Package”. According to the regulation of the 6+1 Package, enacted by the Ministry of Transportation and Communication (MOTC), all applicants had to meet all the criteria as detailed below.

1. A CHT employee must be a voluntarily resigning worker, according to Article 3 of the postal and telecommunications industries in the Ministry of Transportation and Communication (MOTC).

2. A CHT employee has to meet the criteria of a voluntarily resigning worker under the Labor Standards Laws (LSL) (Article 53).
3. A CHT employee has to follow the rules of a voluntarily resigning worker under the retirement regulations of CHT.
4. The age of the employee must exceed 45 years old / Or:
5. A CHT employee must have difficulties in doing his/her work in CHT, for reasons of illness or incapacity.

In the redundancy policy enacted by the CHT on 24 March 2003, the latest offer only applied to previous requests, because there were now 14,200 extra CHT employees who qualified for the retirement regulations before privatisation began. However, there were merely 600 CHT employees taking part in the scheme. This redundancy policy also raised the restriction of it not applying to senior management in CHT. Most important of all, the applicants who were voluntarily resigning workers in CHT could get the 6+1 Package as well as receiving the Monthly Pension Retirement Scheme (MPRS) - which was in operation before CHT privatisation took effect.

Although the '6+1' package caused a minor problem for CHT management, it ensured that the majority of applicants' exceeded 45 years old. In line with this, many senior CTWU activist members were also senior employees of CHT. Two CTWU officials suggest how the '6+1' package affected union members. Mr. Ku said:

In 2003, there was a new scheme for CHT employees who wish to resign voluntarily. Some of the CTWU membership who were high-technology engineers intended to capitalize on this opportunity as well (Ku, Male, CTWU High Level).

In the CHT redundancy package of “Six plus One Salary for Voluntarily Resigning Workers”, it included both senior and low paid CHT employees. Until March 2003, there were around 7,000 employees who exceeded 50 years old. In addition, the CTWU would prevent the high-technology engineer members from quitting their job in CHT because these people were senior union officials who had practical experience in CTWU operation (Ho, Male, CTWU High Level).

Mr. Ku and Mr. Ho showed that the ‘6+1’ package affected high-technology employees in CHT. Meanwhile, the CTWU worked diligently to encourage staff to continue to serve in CHT. However, they could not stop members, for example high-technology engineers, resigning from CHT for purely economic reasons. This situation was similar to the case seen in Telstra’s privatisation. At that time, the CPSU and the CEPU (the two main unions at Telstra) struggled for members’ interests through a very good voluntary redundancy package but it was mainly senior members and longtime union activists who gladly took it and left Telstra. The Voluntary redundancy package affected union effectiveness of the CTWU because senior members (also senior union activists in the CTWU) took it and left CHT while new unionists were reluctant to take on the necessary tasks.

6.10 Partnerships with employers

‘Partnership with employers’ is the sixth indicator of union effectiveness during privatisation used in this thesis. From the literature, the strategy of ‘partnerships with employers’ may allow unions to pursue new kinds of interests. This in turn could reduce both employee and employer antagonism to unions (Frege and Kelly, 2003: 9), as mentioned in Chapter 2. However, there is some argument that co-operative behaviour is strongly favoured by union members. Underpinning this belief is the theory of ‘dual commitment’ (Bowden, 2001: 74). The concept of dual commitment to the union and the organization attracted the attention of researchers almost half a

century ago. One of the concerns at that time was unionization, and consequently commitment to the union, would result in reduced loyalty to the employer (Cohen, 2005: 432).

In CHT, there are two main cooperative bodies responsible for industrial relations between the CTWU and the CHT management: the Labour-Management Committee and the Labour Representatives on the board of the CHT directors. In the next section, I will examine whether the CTWU sacrificed members' interests during privatisation when they adopted a cooperative attitude with employers.

6.10.1 Labour-Management Committee

In this study, Employee Participation is used as a generic term to include information, consultation, co-decision, and workers' control. Notably, we cannot regard Employee Participation as a simple concept (Ku, 2003: 2-3).

In addition to collective bargaining, an alternative voice is the Labor-Management Committee established by the Labor Standards Law 1984 (Article 83) that permits employees to take part in management. According to this Article, a business entity shall convene a labor-management committee to coordinate agreed relationships and raise the level of cooperation between employees and employers in order to improve the efficiency of a workplace. The commencement of Employee Participation in Taiwan was based on the Factory Act of 1929. At that time, the Act called for a Factory Council within any establishment whose production process stemmed from machine operations. In 1984, such Factory Councils were supplanted by a "Labor-Management Committee" under the Labor Standards Law 1984. In the past, the Factory Council was responsible for the investigation and the promotion of work

efficiency; for factory rules; mediation and improvement of labor-management relations; mapping out plans for workers' welfare; and making proposals for refinements in the factories or workshops.

Consequently, a Labor-Management Committee is now organized within all businesses who have at least 30 employees. The Labor-Management Committee is a mandatory legal institution with the aim of implementing Employee Participation mechanisms or labor-management joint consultation. The monthly Labor-Management Committee meetings in CHT, comprising an identical number of representatives from both the employees and employers, has the task of discussing and reporting on all matters relevant to labor-management relations.

Most Taiwanese enterprises are small and medium size businesses and are not unionized. Although the workers in Taiwan are well educated, the relevant statistics indicate that only 1,296 Labor-Management Committees were enacted by 1999 (CLA, 2000:75). In addition, a tiny 0.36% of business firms are covered by the Labor Standards Law. Why is there such a low number of Labor-Management Committees in Taiwan? Some scholars point out that there are no punitive clauses for companies that do not obey the regulations under the law (Wei, 2001:17) while other researchers argue that by having fewer blue-collar than white-collar representatives, the committees tend to be prejudiced against blue-collar workers' interests (Frenkel, 1995: 204-205). Although the Labor-Management Committee can give labour equal status with employers in some privatised companies, it may merely play the role of a chimera for the views of some union officials in a privatised company (Huang, 1996:55). However, this situation was not witnessed in the Chunghwa Telecom

Company (CHT). Two CTWU union officials describe the operation of the Labor-Management Committee in CHT:

In the Labor-Management Committee, there are nine representatives from the group of employees and employers, respectively. Usually, the Labor-Management Committee Meeting is regularly held in CHT once a month (Ho, Male, CTWU High Level).

In the progress of the CHT Labor-Management Committee, the representatives of unions and management will talk about the items of previous Committee meetings which have not been decided yet and discuss the raised issues in the current Committee. Normally, the parties will achieve a consensus for the issues they submitted unless some issues were attributed to the scope of Collective Agreement (Yang, Male, CTWU High Level).

Mr. Ho' and Mr. Yang's interview show that the monthly Labor-Management Committee was a suitable forum for employees to discuss their working conditions with their employers. At the same time, CHT management could gain a better understanding of the views of their employees through the Labor-Management Committee. According to annual report of the Chunghwa Telecom (CHT) (2002), the CTWU and CHT management had achieved consensus through the Labor-Management Committee, such that the partial employment conditions appeared in the context of a Collective Bargaining Agreement and the giving of prior notice to CTWU, when CHT management planned to bring about redundancies. The design of the Labor-Management Committee reduced unnecessary disputes between the CTWU membership and CHT management and promotes a cooperative relationship.

6.10.2 Labour Representatives in the board of the CHT directors

The Anti-Privatisation Group also raised the profile of industrial democracy. At the beginning of 1996, the CTWU argued that CHT should allow labour representatives to join the board of directors, which regulated the management of CHT. According to

Lan (2000), this strategy drew on the experience of Singapore Telecom, which had already undergone such a process.

There was a very crucial amendment to the State-Owned Enterprises Management Law on 30 June 2000. This decreed that, at minimum, twenty percent of government-appointed members of the Board of Directors of state-run businesses must be labour representatives. Thus the board conforms to the communicative model of co-decision making that requires workers' representatives on a Board of Directors. As to the concept of co-decision, it meant that CTWU membership would take part in decision-making with their employers.

In CHT at that time, there were 15 Directors of the Board who were official representatives, including three from labour. According to the CTWU regulations, the labour representatives on the Board of Directors were elected by the Members' Representatives' Meeting in the CTWU. A senior CTWU union official explains the role of labour representatives on the CHT Board of directors as below:

The labour representatives on the CHT Board of Directors can easily figure out the operation of the CHT business and become the communicative bridge between the CTWU and the CHT management (Ku, Male, CTWU High Level).

Ku's interview showed that labour representatives on the CHT Board of Directors had a dual role arising from the conflict of interest between the CHT management and CTWU membership. Two CTWU union officials describe the position of labor representatives:

The labour representatives on the CHT Board of Directors still take care of the employment interests of the CTWU membership stemming from the strict restriction of the CTWU Consultation Committee. Before these labor representatives attend the CHT Board of Directors meeting, they had to follow the directions of the CTWU Consultation Committee and report the outcome of the CHT Board of Directors Meeting to this Committee (Wang, Male, CTWU High Level).

Once the labour representatives appeared on the CHT Board of Directors they stuck to the employment interests of the CTWU membership. Consequently, the labour representatives were still CHT employees when they finished the CHT Board of Directors. They had to do their tasks assigned by the CHT management (Kao, Female, CTWU Middle Level).

Mr. Wang's and Ms Kao's interview showed that the function of the labour representatives on the CHT Board of Directors did not represent a conflict between the two roles although they "wore the hats" of both CHT management and CTWU membership. There were some problems with the role of labour representatives on the Board of Directors, such as the fact that the labour representative should only be elected by the CTWU rather than all the CHT employees, and that the professional ability of labor representatives involved in the business should be high (Wang, 2004: 40-41).

However, these points of view neglected the goal of cooperative advantage in State-Owned Enterprises because the management should still understand the ideas and opinions stemming from the labour perspective. As Bremmels (1995: 401) notes, 'if dual commitment exists as a unique construct, it would have additive effects beyond commitment to an employer or a union on desirable behaviors and organizational outcomes in unionized settings'. Most important of all, CTWU persuaded the legislators to make a ruling that while the Government still owned 20 percent of CHT

shares, then a minimum of one labour representative must serve on the board of directors.

According to Article 35 of the State-Owned Enterprises Management Law, there are no labour representatives present at the Board of Directors meetings of the privatized CHT. Thus, the CTWU maintains the mechanism of labour representatives on the CHT Board of Directors to make sure the employment interests are protected when the CHT becomes a privatized company. As Schulte and Zhu (2005: 187) suggested, in globalisation unions need to move towards mutually beneficial outcomes with management, whilst retaining a certain degree of autonomy. It seems that the labour representatives on the CHT Board of Directors have played a progressive role to protect the employment interests of CTWU membership regardless of whether the CHT is maintained as a State-Owned Company or becomes a privatised one.

6.11 Union Organising Efforts

‘Union Organising Efforts’ is the seventh indicator of union effectiveness during privatization used in this thesis. From the literature, one finds union organizing efforts focuses primarily on the acquisition of membership, but, in addition, could create and strengthen workplace representation. This in turn might increase the union’s mobilizing capacity in general as well as its labour market power (Frege and Kelly, 2003: 9). In this thesis, the concept of ‘Union Organising Efforts’ is taken to include recruiting and retaining membership during privatisation.

In a restructuring environment, union defensive strategies are necessary but are often insufficient to respond effectively to it. As Kumar and Murray (2002: 11) note,

‘the challenge for unions is to find the appropriate balance between necessary defensive strategies and proactive strategies in restructuring’. In the following section, I will explore how defensive strategies (retaining current membership) used by the CTWU were adequate to respond effectively to privatisation.

As mentioned in the issue of salary maintenance, the Conditional Support Group tried to enact the Collective Agreement to ensure their members’ interests were protected in a privatised CHT. However, the Collective Agreement could not protect CTWU membership interests, mainly because Taiwan’s government refused to interfere in the new, private owner’s right to regulate working conditions in their own business. In addition, job insecurity was a major concern of most CHT employees. Under the “Transferring State-Owned Enterprises to Private Enterprises” law (Article 8), there is considerable job security for CHT employees, but the law is only applicable during the transfer of a State-Owned Enterprise to private enterprise (CHT, 2001: 8), and lapses once CHT is fully privatised.

In the CHT case, the CTWU did not have any pressure of recruiting membership, because of the compulsory nature of unionism in Taiwan. That is to say, all of employees in CHT automatically become CTWU members. Thus, the CTWU unionization rate is still 99 percent, besides the 1 percent of employees who serve in management positions.

In privatisation, the Anti-Privatisation Group in the CTWU struggled for members’ interests so as to retain its current member base. One can identify four strategies used by the Anti-Privatisation Group in resisting CHT’s privatisation which are requesting international assistance, the collective bargaining agreement, industrial democracy, and fighting propaganda war in the Media.

6.11.1 Requesting international assistance

In June 2003, UNI Telecom (a global union in the telecommunications industry with over 2 million members who operate in the “front lines of the fast changing business environment”) held a World Conference on Telecommunications in Zagreb, Croatia, and passed a resolution on the privatisation of Chunghwa Telecom Company (CHT). It was presented to the Taiwan President Shui-bian Chen. In addition, the Anti-Privatisation Group wrote a formal letter to President Mr. Dick Grasso of the New York Stock Exchange which said: “the CHT confronts strike. This being formented by improper stock flotation and serious disputes expressed between labour and capital would appear if American Depository Receipt (ADR) deal issued. All cadres of the CTWU would protest in New York Stock Exchange, and asks Mr. Grasso to convey the above message to investors willing to purchase shares in the Chunghwa Telecom Company”(CTWU, 2004: 37).

6.11.2 The Collective Bargaining Agreement

On 20 August 2003, the CTWU sent a formal letter to request the CHT hold a negotiation meeting on the Collective Bargaining Agreement (CBA), and strived for a best CBA target of the Union version, rather than the management thought (CTWU, 2004: 41). In order to reach the target of striving for the Union version of the CBA, a group of local Anti-Privatisation leaders raised a dispute mediation with the Labour Bureau⁹⁶. This strategy was similar to that which Bemmels and Lau (2001: 664) suggested, that is ‘greater autonomy in key decision making provides local union

⁹⁶ For example, the Anti-Privatisation Group in the CTWU raised a dispute mediation with the Labour Bureau of Taipei Municipal Government on 15 September 2003.

leaders with a sense of responsibility and this was related to higher satisfaction with grievance procedures’.

6.11.3 Industrial Democracy

As mentioned, on 30 June 2000, the Legislative Yuan passed the provisions prescribed in Article 35 of State-operated Enterprise Administrative Law which stated that one-fifth of public-operated enterprise directors should be recommended by the union.

On 6 June 2003, the CTWU obtained the assistance of the Legislative Yuan in resisting CHT’s privatisation. At that time, the Legislative Yuan decided that just one of the directors should be recommended by the union. This only applies to enterprises where the government takes 20 percent of all shares after the public-operated enterprise transforms to a privately-operated one (CTWU, 2004: 36).

6.11.4 Fighting propaganda war in the Media

In order to oppose CHT’s privatisation, the CTWU used many advertisements on TV and in newspapers, showing that large benefits (e.g. reducing costs and confronting competition) made by the CHT were a great contribution to the state treasury. It also pointed out that Local Loop Unbundling⁹⁷ (LLU) was apparently selling out national infrastructure at a lower price although it would be profitable for the consortiums. Among them, Hsu-Chung Chang (union chairman of the CTWU) contributed letters to the China Times and the Freedom Times. These stated that the consortiums had collected huge funds which were locked in the share market,

⁹⁷ It was a communicative channel between users and recipients through the telecommunication company.

Therefore, they could not undertake foundation construction, and the competent authority had failed in its duty (CTWU, 2004: 40).

Generally, in union organizing efforts, the Conditional Support Group in the CTWU selected a more conservative strategy to secure wages and conditions for their members through a collective agreement with management, in order to adapt to privatisation. However, this strategy could not protect CTWU members' interests in privatisation, chiefly because Taiwan's government refused to become involved in the new owner's rights to regulate working conditions in their business.

In order to retain current CTWU members' benefits, the Anti-Privatisation Group selected several ways to respond to CHT's privatisation. For instance, they relied on international assistance, enacted a union collective agreement, continued to promote industrial democracy, and fought a "propaganda war" through the use of mass media. All of the strategies used by the Anti-Privatisation Group were intended to stop or delay the progress of privatisation. As argued by Kumar and Murray (2002: 11), 'defensive strategies are a necessary but often insufficient response to a changing environment: proactive strategies are clearly central to the labour movement'. Other opinions existed that union organizing was one of the union revitalization elements to spur innovation and respond to environmental uncertainty and complexity (Katz et al., 2003: 573). One might observe that the innovative strategies (used by the Anti-Privatisation Group) in preference to defensive strategies (used by the Conditional Support Group) for the CTWU were more effective in responding to CHT's privatisation.

6.12 Summary

In the CHT case, the CTWU successfully delayed or stopped the progress of privatisation through ‘Industrial Activity’, ‘Political Activity’, and ‘Inter-Union Solidarity’. In terms of ‘Industrial Activity’, around 13,000 CTWU members conducted a protest march on 16 August 2000 led by the Conditional Support Group. In addition, the Anti-Privatisation Group also selected industrial action as protest against CHT’s privatisation. The forms of industrial action used by the Anti-Privatisation Group were: petition, protest march, voting to strike, and establishment of a picket line. In the CTWU, there was a “strike fund” for such industrial activity.

In terms of ‘Political Activity’, three forms of lobbying politicians in relation to opposing privatisation were used by the Anti-Privatisation Group: organizing a public hearing; lobbying presidential candidates and political party; and making a series of “Anti-Privatisation” brochures available to legislators. These acts show that the CTWU spent large efforts in opposing privatisation through a strategy of lobbying politicians. In terms of ‘Inter-Union Solidarity’, both groups (the Conditional Support Group and the Anti-Privatisation Group) relied on national union support in opposing government’s policy of privatisation. The difference between the two groups in opposing CHT’s privatisation were that the Anti-Privatisation Group involved more social movements than the Conditional Support Group. In other words, the Anti-Privatisation Group was keen to participate in many rallies about social issues, but not all the activity was relevant to the CTWU itself. Besides national union support, the CTWU (led by the Anti-Privatisation Group) obtained much international union support, such as from Korean Telecom Union, American Telecom Union who assisted the CTWU to object to privatisation policy.

In addition to delaying the progress of privatisation, the CTWU struggled for members' interests through 'Intra-Union Solidarity', 'Service Activity', 'Partnerships with Employers', and 'Union Organising Efforts'. In terms of 'Intra-Union Solidarity', the Conditional Support Group neglected the different opinions which existed in the union as a whole, that is, the divergent requirements for CTWU members. The Conditional Support adopted a tactic – a Collective Bargaining Agreement (CBA) to secure the working conditions in a privatised CHT. The difficulty of this was mainly from opposition by the government. In contrast, the Anti-Privatisation Group wanted to achieve increasing membership participation in order to respond effectively to privatisation by way of four strategies: labour education, establishing a privatisation policy committee, promoting a CTWU website (for the members), and lastly, focusing on female members' interests (e.g. improving working conditions for CHT call center employees, and increasing female officials in union activities). This action followed the membership's 'willingness to act' as a necessary foundation for effective trade unionism.

In terms of 'Service Activity', the negotiation of individual voluntary redundancy packages reduced the power of the CTWU, because senior union officials in the CTWU who had practical experience in union operation left CHT with a very good redundancy offer. This situation was similar to the efforts of the CPSU and the CEPU (Telstra unions) during privatisation.

In terms of 'Partnerships with the employers', the labour representatives on the CHT Board of Directors have played a progressive role to protect the employment interests of CTWU membership during privatisation. The forms of 'partnerships with employers' in its efforts regulated by the relevant laws (such as the CHT case) could be effective in response to privatisation environment.

Finally, in terms of ‘Union Organising Efforts’, the CTWU did not have any pressure to recruit members in privatisation, because of compulsory unionism. All of the employees in CHT automatically become CTWU members. However, the Anti-Privatisation Group still adopted several strategies, in order to involve current members, such as requesting international assistance, the union version of the Collective Bargaining Agreement, Industrial democracy, and fighting a propaganda campaign “war” in the Media. In particular, all of these strategies were intended to delay the progress of CHT’s privatisation. Thus, one might observe the defensive strategies used by the CTWU were effective in responding to CHT’s partial privatisation.

Chapter 7 Effective Trade Unionism- A Comparative Analysis of the CPSU, the CEPU, and the CTWU

The aim of this chapter is to evaluate the comparative outcomes for the CPSU, the CEPU, and the CTWU responses to the privatisation process against the theoretical framework developed in previous chapters. In this chapter, I explore whether the CPSU, the CEPU, and the CTWU were effective unions in the 1990s and beyond, based on four sources of union effectiveness ('External Factors'; 'External Solidarity'; 'Internal Solidarity', and 'The Role of Union Leadership') (in Chapter 2). In addition, this chapter includes the comparative assessment of the seven strategic choices: 'Industrial Activity', 'Political Activity', 'Inter-Union Solidarity', 'Intra-Union Solidarity', 'Service Activity', 'Partnerships with employers', and 'Union Organising Efforts', as discussed in Chapters 5 and 6.

7.1 Union Effectiveness in partial privatisation: the cases of the CPSU, the CEPU, and the CTWU

In this thesis, the concept of effective trade unionism has been defined in chapter 2 as the capacity of a union to reproduce itself as a collective organization – using its financial resources, and membership density in the protection or advancement of the employment conditions of its members, job security, (and public servant status in the case of public sector unions).

Beyond these general goals which all unions can be considered as having to pursue, unions have a range of specific objectives relative to their particular and historical environments. In the process of privatisation, the analysis of whether the CPSU, the CEPU, and the CTWU protected members' interests centres around two main

questions: (1) did union strategies delay or stop the progress of privatisation? (2) did union leadership improve job security, public servant status, wages and working conditions for their members when partial privatisation was underway?

There are two levels of analysis in this chapter. Firstly, there is a comparison of the CPSU, the CEPU, and the CTWU in terms of three resources (membership density, financial strength, and the overall structure of the union), in order to understand the basis of union power. Secondly, there is an explicit comparison of the CPSU, the CEPU, and the CTWU in terms of the seven 'strategic choices' discussed in chapter 2 and exemplified in chapter 7 (7.1.2): industrial activity, political activity, inter-union solidarity, intra-union solidarity, service activity, partnerships with employers, and union organising efforts (ie their ability to achieve their objectives [cf 7.1.2]).

Given the main difference in the way the three unions (the CPSU, the CEPU, the CTWU) under exploration organize workplace representation, the remainder of this chapter investigates these differences in more detail in an endeavour to determine whether their actions constituted 'effective trade unionism'.

7.1.1 Resources

As discussed in Chapter 2, the term 'resources' is used in a wide sense to include both the sources and use of funds. Moreover, this term describes how the CPSU, the CEPU, and the CTWU obtained union power arising from their membership density, financial strength and the overall structure of the union.

A. Membership Density

By the mid-1990s, the Telstra staff of 76,240 included about 47,000 members of one union or another – a union density rate of around 62 percent – and around 95 percent

of all union members belonged to the CPSU (10,000 members) or the CEPU (35,000 members) at Telstra (Ross and Bamber, 1998: 316). In the CHT case, although the numbers of CHT employees decreased by about 6,884 from 35,072 in 1999 to 28,388 in 2004. As mentioned in Chapter 6, the CTWU membership still remained a 99 percent union membership rate despite CHT's partial privatisation.

B. Financial Strength

Comparing the cases of Telstra and CHT, financial strength helped the CTWU to oppose privatisation more so than the CPSU and the CEPU. For example, there is a "strike fund" established for CTWU's industrial action, and up to August 2004, the strike fund reached approximately 1.3 million Australian dollars.

C. The Overall Structure of the Union

Union structure played an important part in determining effective union responses to the privatisation of Telstra and CHT.

In the Telstra case, the relationship between the CPSU and the CEPU is not very good. In Rice's (1997: 102) research, he shows that there is "little love lost" between the CPSU leadership and the CEPU, although they work together in many areas to represent all employees. Indeed, the CPSU and the CEPU are competitors at Telstra, mainly because of the problem of overlapping coverage, and this may lead to membership poaching. This competitive situation between these two unions made them respond ineffectively to privatisation. For instance, the relationships between two unions deteriorated with the passing of the 'Participative Approach' (imposed by Telstra management, during 1994-1995). In this context, there had been a lack of cooperation, doubtless exacerbated by tensions over coverage of the lower level

Administrative Officers 1-3 that form the bulk of the CPSU's membership in Telstra (Barton, 2002: 75).

Some industrial relations researchers (such as Rice, 1997: 103) suggest that the CEPU have to urge cuts that will disproportionately remove CPSU members (by arguing for cuts in the administrative rather than the operation areas). In this context, the CPSU may have their 'independent' position strengthened in opposition to the CEPU.

Indeed, the CPSU later recognized that it was needed to offer a more consistent service to its members across Australia (O'Donnell et al., 2005: 410). As Murray (1994: 27) suggests, the challenge for union organization is 'how to make structural and strategic adjustments to take account of changes in the nature and location of firms and the identities of their workers' in a restructuring environment. Thus, the CPSU and the CEPU leadership needed to look beyond their traditional union ideology and think about whether they have a model of unionism that will enable them to survive post 1996.

In the case of CHT's privatisation, the CTWU membership still retained a 99 percent union membership rate due to the compulsory union membership rule. Until 2004, the CHT was a government-owned company, one of the State-Owned Enterprises in Taiwan. One of the employment features of Taiwanese State-Owned Enterprises was that massive redundancies did not take place, unlike the situation in private enterprises. As for the union movement, some Taiwanese industrial relations researchers (e.g. Chen and Wong, 2002) recommended that the union organizations in Taiwanese State-Owned Enterprises were considered as a leader for the entire

union movement based on their state employment conditions. In this context, the CTWU leaders could concentrate on members' interests employed in the CHT, without having to consider some of the variables in the Australian context (e.g. union amalgamation, overlapping coverage and membership poaching). Thus, a favourable legislative and structural environment was an important element to increase the CTWU's power in response to privatisation.

The next section of this chapter addresses the ability of the three unions (the CPSU, the CEPU, and the CTWU) to achieve the specific objectives they set for themselves in terms of the seven union strategic choices – 'Industrial Activity', 'Political Activity', 'Inter-Union Solidarity', 'Intra-Union Solidarity', 'Service Activity', 'Partnerships with employers' and 'Union Organising Efforts'.

7.1.2 Industrial Activity

The discussion of 'Industrial Activity' in Chapters 5 and 6 concentrated on the varying methods and tactics at a union's disposal including legal activity taken on behalf of the union or members, enterprise bargaining, and methods of enforcing campaigns encompassing strikes, protest marches, and rallies.

In the process of privatisation, the Anti-Privatisation Group (led by Hsu-Chung Chang) considered it was impossible to retain members' interests through the negotiations with the CHT, without the use of industrial action. This is especially significant, as Cregan (2005: 300) suggests 'many workers resented what they perceived as union inefficacy, particularly where it involved failed strikes and leaders who were out of touch with the rank and file'. The CTWU's industrial action helped

to delay the privatisation of the CHT during 1996-2004. The CHT became a privatised company when the government-owned shares fell below 50 percent in 2005.

In contrast, in 1997 the CEPU leadership in the Australian context did not select industrial action to oppose Telstra's privatisation, chiefly because they would be sued (according to 1996 Workplace Relations Act), although the CEPU leadership attempted to ask their members for a "blank cheque" to conduct industrial action in Canberra, as explained in Chapter 5. This mistaken strategy used by the CEPU leadership meant that the Howard government remained committed to the privatisation and one-third of Telstra was floated in November 1997. Thus, the CEPU leadership were required to change their mind in opposition to privatisation through the use of industrial action, in negotiating the 1998-2000 EBA (Print No.T1628-1998).

In addition, membership density assisted the CPSU, the CEPU, and the CTWU to respond well during privatisation, through the use of industrial activity. In Telstra's partial privatisation, membership power in the CPSU and CEPU showed in the issue of a negotiated enterprise bargaining agreement. In the case of the 1998-2000 Enterprise Bargaining Agreement (Print No.T1628-1998), the CEPU leadership mobilized around 60,000 members to go on strike, having failed to reach an agreement after more than 12 months debate.

In the CHT case, membership density was useful in opposing the government's policy of privatisation, through various forms of industrial action. In several decisive industrial actions, the CTWU obtained the support of many members in opposition to privatisation. For example, the Conditional Support Group mobilized a protest march around 13,000 CTWU members on 16 August 2000, because Chu-Lan Yeh (the Minister of Transportation and Communication) disclosed the salary of the CTWU

membership to the public. Because of this protest march, the CTWU successfully delayed the privatisation process. In the CTWU, the Anti-Privatisation Group took diverse industrial action as a protest against CHT's privatisation. They were petition; protest march; voting to strike, and the establishment of a picket line.

In order to retain public servant status, both the Conditional Support Group and Anti-Privatisation Group adopted various forms of industrial action to delay or stop the progress of privatisation. All of the industrial action strategies to oppose privatisation used by the CTWU relied on the strong support of the strike fund. Thus, financial strength combined with industrial action increased the CTWU's power to respond to privatisation.

7.1.3 Political Activity

Political action is one of the tactics unions use to accomplish their objectives. The nature and scope of organized labour's political action relies on how unions see their role in society and how society sees the labour movement (Masters, 2005: 369). In Hamann and Kelly's (2003: 2) research⁹⁸, they identify six main forms of political action: (1) links with a political party (2) lobbying the legislature (3) lobbying the executive or bureaucracy (4) social pacts with government through which unions are involved in state policy formation (5) political strikes (6) the strategic use of legal challenges.

In Chapter 5, it was shown that both the CPSU and the CEPU opposed Telstra's privatisation through four political actions: lobbying the independent senators,

⁹⁸ Kerstin Hamann and John Kelly, 'Union Revitalization through Political Action? Evidence from Five Countries', The Industrial Relations Research Association Proceedings 2003, <http://www.press.uillinois.edu/journals/iira/proceedings2003/hamann.html>

running very strong campaigns during the federal elections, mobilizing public opinion and maintaining a consistent line in their publicly – that selling Telstra would not be beneficial for Australia. These political actions used by the CPSU and the CEPU were successful in delaying or stopping the progress of privatisation and leaving Telstra 51 percent government-owned at the time of writing. In particular, the CEPU had a specific political action strategy in opposing Telstra’s privatisation - liaising informally with the political wing of the labour movement which is the Australian Labor Party (ALP).

In response to CHT’s privatisation, the CTWU continued to put pressure on government to effect a reasonable privatisation policy on its members’ and the public’s behalf. In the CHT’s privatisation, the CTWU (led by the Anti-Privatisation Group) adopted the various forms of political action to oppose it, such as organising a public hearing with legislators, lobbying presidential candidates and political parties, making a series of “Anti-Privatisation” brochures to legislators, selecting legislator candidates, and keeping pressure on the Legislative Yuan (similar to the Australian Parliament), as mentioned in Chapter 6. Among them, a strategy of keeping pressure on the Legislative Yuan was more effective than other political strategies during privatisation. For example, the CTWU leaders firmly kept pressure on the Legislative Yuan from 28-29 May 1999, fighting against the enactment of the CHT share releasing budget and recommending its cancellation. Consequently, the budget was forced out by the KMT party.

Why did the CPSU, the CEPU, and the CTWU delay the progress of privatisation through the use of political action? One of the main reasons was to maintain the public servant status and job security of their members. In the Australian context, the Howard government changed the Workplace Relations Act after 1996. An interview

with John (a senior CPSU official, Middle Level) explains that ‘the previous Act made the CPSU think that Telstra would become a much more anti-worker company and try to reduce wages and conditions. Because our members had pretty good wages and conditions before privatisation but new employees in Telstra got much worse conditions’. Another interview with Mary (a senior union official in the CEPU, Middle Level) describes that ‘the CEPU had queries from members saying, well Telstra might be fully privatised, change their superannuation, or it changes their long service leave entitlements’, although these issues are still covered by Commonwealth health and safety legislation and compensation. Mary added that ‘if Telstra was a fully privatised company, it would not necessarily be any longer covered by those commonwealth laws’.

Taiwan had, in relative terms, one of the largest public enterprise sectors in the world prior to the 1980s. The importance of the public sector has decreased gradually arising from the privatisation of Taiwanese State-Owned Enterprises (Chen et al., 2003: 329). Under the government’s policy of privatisation, it has altered the relations among employees, employers, and public enterprises. Until 2004, the CHT was a government-owned company, one of the Taiwanese State-Owned Enterprises. Most of the employees in Taiwanese State-Owned Enterprises had the status of “public servant” or “quasi-public servant” and were protected by the regulations under the Taiwanese Public Servant Law.

Certainly political activity has to be managed carefully and resourced well. Hyman (1997: 321) suggests, ‘political influence requires considerable strategic skills and very effective process of internal articulation to benefit from the process of political exchange’. Unions must set aside funding for research and campaigns. On 24

November 1997, the Anti-Privatisation Group in the CTWU established a privatisation policy committee to research how to combat the government's policy. The main goal of this committee was to gather information about the effects of privatisation policy, arising from the contributions of Taiwanese researchers in this field. This became a useful foundation for CTWU strategies in their response to privatisation.

Indeed, any political action strategy used by the CPSU, the CEPU, and the CTWU required membership support besides the decisions of union leaders. During the process of privatisation, the CTWU represented almost 30,000 members. At the same time, in mid 1996 two unions dominated the Telstra Corporation, with the CEPU having approximately 35,000 members and the CPSU having approximately 10,000 members. As Fields et al. (1987: 144) notes, the success of political action strategy used by the union leaders relied mainly on 'whether it created much grass-roots support among both union members and the broader public'. Thus, in the cases of Telstra and CHT, union commitment and membership support for political action was an effective strategy to delay or stop the progress of privatisation.

7.1.4 Inter-Union Solidarity

Frenkel and Coolican's (1984) typology of inter-union relations was used to analyse information from the CPSU, the CEPU, and the CTWU. The typology is relevant to: (1) the range of contacts that are regularly maintained between different unions (2) the main milieux in which inter-union co-operation or competition occurs, and (3) the principal features of the relationship between unions, that is, whether there were co-operative or competitive relations. In the Telstra case, the CEPU mobilized a strike to improve members' interests in the context of the 1998-2000 Enterprise

Bargaining Agreement. In this protest, the CEPU obtained some national union support, from the CPSU (around 14,000 members from the customer service staff), and the maritime workers who marched to a rally at the Newcastle on 25 August 1998 in support of the Telstra employees. Finally, the 1998-2000 Enterprise Bargaining Agreement was agreed with Telstra management after this strike.

However, in Telstra's privatisation, the CPSU and the CEPU preferred to choose political action to fight against it, rather than industrial action. This strategy proved unsuccessful in opposing the original thirty three percent sale of Telstra shares, even though in June 1996 the CPSU and the CEPU lodged a joint submission with the Senate Environment, Recreation, Communication, and the Arts, Reference Committee. Clearly, using a political action strategy without other resources to oppose Telstra privatisation did not result in the CPSU and CEPU gaining other national union support. Thus, in Telstra's privatisation 'External Solidarity' occurred in industrial action used by unions, rather than political action between unions. This outcome also can explain how the CTWU obtained 'External Solidarity' during privatisation.

In the Taiwanese CTWU, there are two factions. One is the Conditional Support Group. The other is the Anti-Privatisation Group. The differences of opinion and divergent political aims between the two rival factions set the scene for delays and demands that have slowed progress towards the full privatisation of CHT. On 16 August 2000, around 13,000 CTWU members (led by the Conditional Support Group) went on a protest march and more than 500 representatives of kindred organizations joined this activity, as mentioned in Chapter 6. Despite this protest, no national or international union support was forthcoming during the rule of the Conditional Support Group.

Besides industrial action, the CTWU adopted a strategy of inter-union alliances' to increase union opposition to privatisation. For instance, the Anti-Privatisation Group obtained national and international support which mainly came from two directions during privatisation. Firstly, the CTWU is one of the members of Taiwanese State-Owned Enterprises. On 30 September 1994, 27 Taiwanese State-Owned Enterprises and public enterprise unions formed the "Anti-Privatisation Association". The Anti-Privatisation Group was keen to take part in many rallies or protest marches (forms of industrial action) about social issues but not all the activity was relevant to the CTWU itself.

Secondly, the Anti-Privatisation Group pursued the goal of CTWU internationalisation. In order to achieve this goal, the CTWU (led by the Anti-Privatisation Group) joined some cross-national protests. For example, Hsu-Chung Chang (the chairman of the CTWU and leader of Anti-Privatisation Group) and several CTWU union officials flew to Seoul to join a strike organized by the Korean Democratic Labor Union in January 1997. After this protest, the CTWU built a deep and interactive relationship with the Korean Telecom Union. On 23 September 2003, the CTWU organized a protest march in opposing CHT's privatisation and received the support of many international unions, including the Korean Telecom Union.

From the above, it can be seen that the Anti-Privatisation Group responded to privatisation effectively, mainly because of its inter-union alliances strategy. As Craft (1990: 8) notes, 'union-community action seem most likely to arise when there is some crisis or problem that cannot be resolved using traditional union procedures'. Furthermore, he emphasises that union-community alliances have been proposed by

various parties as a potentially significant source of union power, that is, this tactic was suitable to apply in changing industrial relations environments.

Thus, the CPSU and the CEPU could learn from successful experience of the Anti-Privatisation Group about building a long-standing coalition with national and international unions during privatisation, even though such an alliances were not easy to develop.

7.1.5 Intra-Union Solidarity

Solidarity activity is associated with the collective aspects of unions and unionism. It raises the question of whether members' interests are best served through exclusive, sectional based unions or inclusive, solidaristic unions.

In recent years, there has been extensive research in analysing union effectiveness to investigate whether unions are perceived as effective in promoting fairness in the workplace (Mellor et al., 1999: 331). This study helps us to investigate the perceived union efficacy as a significant variable in predicting whether workers join unions and whether they participate in union activities. In Telstra's case, both the employees of call centre operations and technical departments faced the same labour market effects (both male and female Telstra employees were being made redundant) but different deterioration in working conditions.

In the process of privatisation, the CEPU made more efforts to improve the working conditions of male Telstra technicians, such as industrial action (including walking off the job for 24 hours), and educating technical members about their rights and obligations. But the CEPU spent less effort to improve the worsening working

conditions of female staff in Telstra call centres. Why did the CEPU have a different attitude for their males and females members in Telstra's partial privatisation? As Angela⁹⁹ (a senior CEPU female official, High Level) explains, in CEPU 'there were not many people in call centres who were (CEPU) union people', as mentioned in Chapter 5. This difference in outcome arises from different union ideologies between the CPSU and the CEPU: chiefly, the occupational origins of Australian unionism, and the legal boundaries imposed on unions to prevent them recruiting outside the registered coverage¹⁰⁰ (Probert and Ewer, 2003: 105).

However, during privatisation the CEPU adopted a mistaken strategy taking care technicians members' interests rather than all members' interests, mainly because of the different recognition between union members and union leaders. As Cregan (2005: 300) notes, 'organising is the right strategy for the times provided unions are circumspect'. Thus, the CEPU could make a recruitment membership strategy in Telstra call centres workplaces, and eventually increase all members' support in opposing privatisation.

In the CHT's privatisation, however, the CTWU promote themselves as organizations concerned with justice; this is reflected in the protection of members' interests - both male and female. For example, the Anti-Privatisation Group adopted four strategies to achieve increasing membership participation during privatisation. They are: labour education, establishing a privatisation policy committee, promoting a

⁹⁹ Interview content in 5.8.4, Chapter 5.

¹⁰⁰ In a similar vein, the Electrical Trade Union (ETU) resisted most efforts to 'mainstream' their core skills in other occupation, that is, they preserved their distinct identity as a union with the CEPU (Buchanan, 2003: 58).

CTWU website (for all CTWU members), and lastly, focusing on female members' interests (including improved working conditions for CHT call centre employees, and championing female members' involvement in the CTWU affairs). As Hyman (1999: 9) notes, 'the increase in the number of women trade unionists has itself led to a broadening of the unions agenda'. Thus, unions have to broaden their agenda and reorganise to suit the diversity of members' needs and views if union renewal is to occur in a restructuring environment, as Bradley (1994: 51) suggests.

7.1.6 Service Activity

Traditionally, unions have provided a range of services for members over and above representation on work-related matters. In this thesis, the negotiation of individual voluntary redundancy packages can be seen as part of service activity of the CPSU, the CEPU, and the CTWU during privatisation.

In the negotiation of individual voluntary redundancy packages, the leadership of the CPSU, the CEPU, and the CTWU made efforts to obtain a very generous package for their senior members. For example, 'the CEPU won the eighty-four weeks pay in redundancy packages while the Federal government wanted to make it eight weeks', as Stewart¹⁰¹ (a senior CEPU union official, Middle Level) says. However, the improved voluntary redundancy package was a mistaken strategy for the CPSU, the CEPU, and the CTWU, because this offer created a bad industrial relations environment in the Telstra and CHT workplaces. Eventually, these management strategies successfully reduced the power of the CPSU, the CEPU, and the CTWU during privatisation, because these senior employees were more experienced in the

¹⁰¹ Interview content in 5.9.1, Chapter 5.

unions' operations. As Mary¹⁰² (a senior female CEPU official, Middle Level) describes, a 'voluntary redundancy package would be attractive to senior employees, who suddenly got an extra hundred thousand dollars. These senior union activists had a sense of the history of the union and of past struggles', as mentioned in Chapter 5. In this context, the new officials coming had not got the culture of the CEPU's militancy. In a similar vein, the CTWU failed to prevent the high-technology members from quitting their job in order to get a very good voluntary redundancy packages during privatisation, and these people were senior union officials who had practical experience in CTWU operations.

7.1.7 Partnerships with Employers

An important criticism of strategy in partnerships with employers was that 'management can circumvent unions altogether by weakening employee attachment to unions through a strengthening of employee attachment to the firm' (Peetz, 1996: 567)

Comparing the cases of Telstra and CHT, the leadership of the CPSU and the CEPU did not sacrifice members' interests through an approach of partnerships with employers during privatisation. In the Australian context at least, trust and co-operation do not equate with union weakness and acquiescence (Peetz, 1996: 566). Under the framework of 'Participative Approach', the CPSU and the CEPU got quite good pay increases in the 1994- 1995 the 1995-1997 Enterprise Bargaining Agreements. This situation can explain why the Telstra management efforts to develop more inclusive work relationships did no harm to unionisation while the CPSU and the CEPU were doing their job, in the eyes of their members. In this

¹⁰² Interview content in 5.9.1, Chapter 5.

context, we can understand why members still support and join unions during privatisation, even though unions could not stop job-cutting policies imposed by the management.

However, in the Taiwanese context, the approach of partnerships with employers improved the union effectiveness of the CTWU during the process of CHT's privatisation. Before privatisation, the CTWU leadership, along with major Taiwanese State-Owned Enterprise unions, questioned the legitimacy of privatisation policies and pursued industrial democracy and involvement in decision-making processes in the firms. For instance, in 1995, the CTWU leadership argued that "The Three Laws on Telecommunications" should include a provision permitting three worker representatives on the board of directors (Chen et al., 2003: 330). After that, there was a crucial amendment to the State-Owned Enterprise Management Law in Taiwan on 30 June 2000. This decreed that, at minimum, twenty percent of government-appointed members of the Board of Directors of state-run business must be labour representatives.

Until 2004, there were 15 Directors of the Board who were official representatives, including three from labour. As Ku¹⁰³ (a senior CTWU official, High Level) explains, 'the labour representatives on the CHT Board of Directors can easily figure out the operation of the CHT business and become the communicative bridge between the CTWU and the CHT management', under the framework of industrial democracy. This proved that the CTWU leadership did a good job to struggle for members' interests through a cooperative strategy with the CHT management. That is, in this

¹⁰³ Interview content in 6.10.2, Chapter 6.

framework of industrial democracy the CEPU could avoid the impression of responding ineffectively from members' viewpoints.

7.1.8 Union Organising Efforts

The achievement of union goals is complicated in a decentralized bargaining structure, but is facilitated by the operation of internal union democracy. Comparing the cases of Telstra and CHT, the CPSU and the CEPU preferred an organising (recruiting membership) strategy in response to privatisation. However, the CTWU presented mobilising power in response to privatisation, rather than an organising strategy.

In the process of privatisation, the CPSU used an organising strategy to follow their members into the private sector (Anderson et al., 2002: 19). In this context, the membership coverage of the CPSU is much wider than the public sector, as it includes call centres and other services in the privatised telecommunications industry. In addition, the CPSU used a legally-based instrument strategy (the award, approved by the Australian Industrial Relations Commission) well to recruit new membership during privatisation. This strategy permitted the CPSU to recruit additional members by accessing the Stellar call centre workplace. On 25 November 2002, the CPSU obtained another award. This award covered up to 10,000 call centre operators and technicians whose wages and conditions had previously been set up by the Australian telecom companies.

Why did the CPSU select an organising strategy to respond to privatisation? O'Donnell et al. (2005: 411) suggest that decentralized bargaining itself can offer union effectiveness along more democratic lines. In line with this, the union effectiveness of the CPSU in recruiting membership mainly came from the

decentralised industrial relations environment, rather than focusing on the legitimising role of internal union democracy.

The CEPU made efforts to recruit members from New Design and Construction (NDC) employees during privatisation. In January 1999, Telstra management decided to spin off its NDC division in a bid to lower its cost structure and this affected 7,000 NDC jobs. After a long discussion between Telstra management and the CEPU, the NDC came back into Telstra as the Network Design and Construction Group (NDCG). As James¹⁰⁴ (a senior CEPU official, High Level) describes, ‘the Telstra technicians and NDCG employees are all on the same enterprise agreements, even if they have minor employment difference, mainly because it was highly unionised in both Telstra technicians and NDCG areas with over eighty percent’.

In the CTWU, union democracy provided an important basis for union effectiveness. For example, the Conditional Support Group won the second election of CTWU leadership on March 2000. At that time, this group used a strategy – a Collective Bargaining Agreement (CBA) to protect the working conditions in the privatised CHT to get the CTWU membership to vote with them. This strategy was based on a cooperative relationship with CHT management during privatisation. However, Taiwan’s government (the majority shareholders in CHT) did not allow this CBA to apply in a privatised CHT, mainly because the government cannot over-rule the new CHT owner’s right to negotiate with new CHT employees. Thus, the CTWU members no longer supported the Conditional Support group in the third election of a CTWU chairman. As Fields et al. (1987: 144) suggest, ‘grass-roots [union members] support

¹⁰⁴ Interview content in 5.8.4, Chapter 5.

plays a role in determining who gets elected and in influencing the voting behaviour of elected officials’.

In the process of privatisation, one can see that many CTWU members joined the various activities (e.g. industrial action, and political action) organized by the Anti-Privatisation Group. For example, from 26 to 29 April 1999, the Anti-Privatisation Group mobilized 5,000 members to petition and force the Legislative Yuan to cancel plans to release CHT shares, so as to guarantee its members’ working rights. On 23 September 2003, around 5,000 CTWU members gathered outside the Legislative Yuan to protest against the government’s privatisation policies. These protest activities showed us in using industrial action the CTWU were able to obtain the support of CTWU members during privatisation. As Cregan (2005: 300) notes, ‘many workers resented what they perceived as union inefficacy, particularly where it involved failed strikes and leaders who were out of touch with the rank and file’. In this context, mobilization via local union leadership was the keystone of organizing.

7.2 Summary

In general, it can be seen that the CPSU in Australia and the Anti-Privatisation Group in Taiwan were able to contain or even reverse the decline in union power during privatisation. In terms of the theoretical framework, effective trade unionism includes seven union strategic choices, as mentioned in Chapter 2. However, two union strategies in union revitalization model did not strengthen unions during privatisation. Firstly, the choice of ‘Inter-Union Solidarity’ for the CPSU and the CEPU was not an effectively strategy in opposition to privatisation, such as in the progress of resisting the 1998 full Telstra privatisation policy. Secondly, the choice of ‘Service Activity’ reduced the power of the CPSU, the CEPU, and the CTWU, with

the negotiation of individual voluntary packages. Meanwhile, however, the strategy of 'Partnerships with employers' did not result in union weakness for the CPSU, the CEPU, and the CEPU during privatisation.

Chapter 8 Conclusion

8.1 Introduction

This thesis compares union responses to the similar situation of the telecommunications industry in Australia and Taiwan – an industry of global significance subjected to accelerating change, formerly wholly-owned and managed by governments as a public utility, currently being corporatised and privatised in stages. There are eight chapters in this thesis. In Chapter 1, I address a main research question - How telecommunications unions in Australia and Taiwan struggled for their members' interests in response to the privatisation of their industries during 1996-2004. Chapter 1 outlined three subordinate, specific questions that guided this research:

1. How have telecommunications unions changed in order to survive privatisation in Australia and Taiwan?
2. How and why did union responses to privatisation differ between Australia and Taiwan?
3. How well have these unions succeeded in revitalizing and defending themselves and their members?

The first two questions involved the components of a union revitalization strategy model in comparative perspective used by Frege and Kelly (2003) to explain union strategic choices undertaken by the CPSU, the CEPU, and the CTWU during privatisation (as outlined in Chapters 5 and 6). This model includes the variables of 'Social and Economic Change'; 'Institutional Context of Industrial Relations'; 'State and Employer Strategies'; 'Union Structure'; and 'Framing Processes'. Among them,

the term 'Institutional Context of Industrial Relations' has been examined in Chapter 4.

In Chapter 2, I reviewed the literature and theories about how unions have responded to international restructuring and privatisation in an effort to protect the employment interests of their members and retain union power. My argument in this thesis focuses on the unions' responses rather than external circumstances, although there has been extensive argument about how far economic, political and societal changes are responsible for trade union decline over the past two decades. This thesis questions whether the conventional assumption that privatisation automatically means trade union decline.

In order to examine my argument, this thesis used the six union revitalization strategies model in comparative perspective (used by Frege and Kelly, 2003), analysing the responses of telecommunications unions (the CPSU, the CEPU, and the CTWU) in Australia and Taiwan during privatisation. They are: Organizing; Organizational restructuring; Coalition building with other social movements; Partnerships with employers; Political action; and International links.

In Chapter 3, I explain the methodology in this thesis. This chapter incorporates a research design that includes three sections. Firstly, I provide a comprehensive review of the literature about union strategy and union effectiveness. Secondly, I focus on empirical testing: the case studies (Telstra and Chunghwa Telecom Company). Thirdly, I concentrate on an evaluation of the impact of national situations and context on union responses to privatisation.

In Chapter 4, I explore what kind of pattern of privatisation was underway in Australia and Taiwan between 1996 and 2004. In particular, I investigate how privatisation affected public sector unionism in Australia and Taiwan, and how the institutional context of industrial relations (mentioned in Chapter 2) related to union strategies choices (the CPSU, the CEPU, the CTWU) during privatisation, one of the independent variables in Frege and Kelly's (2003) model.

In Chapters 5 and 6, I explore the strategic responses of the CPSU, the CEPU, and the CTWU to the privatisation of Telstra and Chunghwa Telecom Company, under the heading of 'Industrial Activity', 'Political Activity', 'Inter-Union Solidarity', 'Intra-Union Solidarity', 'Service Activity', 'Partnerships with employers', and 'Union Organising Efforts', as developed in Chapter 2.

Union membership density has declined dramatically in Australia and Taiwan over the past decade, but some unions have managed to reverse this decline. In Chapter 7, following Frege and Kelly (2003), it is argued that the meaning of effective trade unionism variously depends on the seven headings listed above. All these union activities should be regarded as part of an integrated effective union operation.

In the rest of this chapter, I evaluate the research findings and consider the implications for further research in analysing effective trade unionism in a restructuring environment (including privatisation), mainly based on Frege and Kelly's (2003) model – the five 'variables' (social and economic change; the institutional context of industrial relations; state and employer strategy; union structures; framing processes) underlying the seven 'strategic choices'.

8.2 Evaluation of Research Findings

The unions of both Telstra and Chunghwa Telecom Company confronted similar situations with regard to telecommunications changes in Australia and Taiwan during privatisation. The case studies in this thesis offer rich data that detail how the CPSU, the CEPU in Australia and the CTWU in Taiwan responded to this changing external context, and explain why subsequent decisions were made by the CPSU, the CEPU, and the CTWU and how they were carried - at the corporate and workplace levels. The important variables include social and economic change, institutional context of industrial relations, state and employer strategies, union structures, and framing processes using Frege and Kelly's (2003) model, as discussed in Chapter 2.

8.2.1 Social and Economic Change

In the cases of Telstra and Chunghwa Telecom Company (CHT), the CPSU and the CTWU confronted common and distinct changes, including an employment shift from manufacturing to service, growing feminisation of the workforce, coupled with a growth in part-time working; all these had implications for union strategy, as discussed in Chapters 5 and 6.

8.2.2 The Institutional Context of Industrial Relations

The public sector has been the subject of restructuring in the context of the accelerating internationalization of national economies. It is noted that institutions can have different effects on union activity. Comparing public sector unionism in Australia and Taiwan, we can gain a clear picture of the divergence of union strategies in response to privatisation.

In the cases of Telstra and CHT, some changes in the institutional context of industrial relations did not make it more difficult for the CPSU, the CEPU, and the CTWU hard to organize membership. In Australia, unionism in the telecommunications industry had traditionally been facilitated by the benign attitude of government departments to union organization. In this context, the CEPU was represented on disciplinary and appeals boards within Telstra, thus providing apparent motivation for workers to join the CEPU¹⁰⁵.

Moreover, in Australia, public sector unions have heavily relied on the support of the peak union body, and accepted the call for amalgamation by the Australian Council of Trade Unions (ACTU), in order to deal with the decline of union membership¹⁰⁶.

Meanwhile the Taiwanese context, most of the public sector unions in Taiwan remained firmly under the control of the Chinese Federation of Labour (CFL), partly because of the rank and file's fear that the extension of an independent union movement to their workplaces could undermine public sector wage indexation - a privilege denied to private sector employees (Minns and Tierney, 2003: 11).

In Australia and Taiwan, there were hugely different impacts of industrial democracy on union responses. A few unions in Taiwanese state-owned enterprises (notably - the Chunghwa Telecom Workers' Union, the CTWU) questioned the

¹⁰⁵ The CEPU leadership generally considered the deregulation and privatization of the telecommunications industry to be inevitable, so a moderate tactic was used (Bamber et al., 1997: 137-8).

¹⁰⁶ However, the CPSU adopted a fresh strategy to recruit new members associated with the private sector.

legitimacy of privatisation policies and asked for industrial democracy (i.e. involvement in the decision-making process in the workplaces). Wei (2001) claims that this change is a huge advance of Taiwanese employment relations in industrial democracy.

In contrast, Telstra had encouraged different types of employee participation and industrial democracy for many years. The management agreed that unions would be notified of changes at the formulative stage but the final decision-making authority had to rest with management (Bamber et al., 1997:145). In Australia, the employees focussed on an individualist approach in their workplace rather than pursuing the industrial democracy of the 1990s (Deery et al., 1997: 11.1). The employees of Telstra telecommunications were encouraged to focus on their work at an individual level (Geary, 1994).

To conclude, the Institutional Context of Industrial Relations helps account for some of the main differences in the union strategies of the CPSU, the CEPU, and the CTWU during privatisation.

8.2.3 State and employer Strategies

The use of political action became popular with the CPSU, the CEPU, and the CTWU in a restructuring environment, as a response to state and employer strategies. In Australia, privatisation policy has been the result of a complex interchange of political forces, involving both the Labor Party and the Coalition parties. Both these two political parties created the environment for political uncertainty which encouraged a political response from unions.

Over the years, in Taiwan the KMT (or the Nationalist party), in government, had dominated state-owned enterprises by both direct and indirect means. The popular support of the once-hegemonic KMT decreased and it was defeated in the 2000 presidential election. Since then, the Democratic Progressive Party (DPP) until recently has experienced an increase in popular support, mainly because the DPP has been reliant on labour support and is anxious not to alienate unions or union members. Importantly, the CTWU demonstrated its protest ability, based on the huge power of 30,000 members. In line with this, the CTWU could not be ignored in Taiwan's election process.

The strategies of employers have also had an important impact on the strategic choices made by unions. Some management strategies reduced the unions' power during privatisation, as in the cases of Telstra and CHT. In the negotiation of individual voluntary redundancy packages, the senior employees were happy to leave the Telstra and CHT workplaces, because the CPSU, the CEPU, and the CTWU won a good redundancy package for them. The absence of senior Telstra and CHT employees did have an influence during privatisation, as mentioned in Chapter 5. After senior CEPU union activists left Telstra, the new officials coming in did not have the culture of the CEPU's militancy. In a similar vein, the CTWU failed to prevent the high-technology members from quitting their jobs in order to get a very good voluntary redundancy package during privatisation, and these people were senior union officials who had practical experience of CTWU's operation.

Besides the issue of negotiating voluntary redundancy package, an approach of worker participation introduced by management also reduced union power during privatisation. In the Telstra case, management attempted to deal with pressures for

change and managed union resistance by partnership with the unions during 1994-1995. Under this 'Participative Approach', the CEPU obtained quite good pay increases for Telstra employees in the 1994-1995 Enterprise Bargaining Agreement and the 1995-1997 Enterprise Bargaining Agreement.

However, there was little or no union participation under the framework of the 'Participative Approach', as mentioned in Chapter 5. In addition, the mechanism of the 'Participative Approach' required unions to allocate extra time and resources to consultative meetings and dispute settlements. In Chu's (2001: 375) research, she shows that unionists at Telstra saw regulation by the participative approach as an attack on union members in Telstra's partial privatisation.

In the CHT case, however, both the mechanism of the 'Labour-Management Committee' and 'Labour Representatives on the board of the CHT directors' were based on Taiwanese laws, as mentioned in Chapter 6 - and increased CTWU power.

From the above, it can be seen that a strategy of partnerships with employers imposed by management reduced unions' power (in the Telstra case), but increased unions' power based on favourable legislation (in the CHT case). Both state and employer strategies account for the major divergence between the telecom unions of Australia and Taiwan, and the forms of union political action during privatisation.

8.2.4 Union Structures

Union structures are another variable that influence a number of divergent types of union action. In the process of privatisation, union structure plays an important role in determining union effectiveness.

In the Telstra case, the relationship between the CPSU and the CEPU was not very good, although they worked together in many areas to represent all employees. Indeed, the CPSU and the CEPU are competitors at Telstra, mainly because of the problem of overlapping coverage, and this may lead to membership poaching. This competitive situation between these two unions made them respond ineffectively to privatisation in terms of two aspects. Firstly, the relationship between two unions deteriorated with the passing of the 'Participative Approach' (imposed by Telstra management, during 1994-1995). In this context, there was a lack of cooperation, doubtless exacerbated by tensions over coverage of the lower level Administrative Officers 1-3 that form the bulk of the CPSU's membership in Teltra (Barton, 2002: 75).

Secondly, the CPSU found it more difficult to work with the CEPU to negotiate better wages and working conditions for their members through Enterprise Bargaining, partly because Telstra management maintained a single bargaining unit in negotiation despite the tensions, and partly because they had different union cultures. For example, the CEPU secured significant increase in wages and benefits for their members, based on a militant tradition since the 1970s. Some industrial relations researchers (such as Rice, 1997: 103) suggested that the CEPU had to urge cuts that would disproportionately remove CPSU members (by arguing for cuts in the administrative rather than the operational areas).

Indeed, the CPSU recognized that it needed to offer a more consistent service to its members across Australia (O'Donnell et al., 2005: 410). As Murray (1994: 27) suggests, the challenge for union organization is 'how to make structural and strategic adjustments to take account of changes in the nature and location of firms and the identities of their workers' in a restructuring environment'.

However, in the case of CHT's privatisation, the CTWU membership still retained a 99 percent union membership rate due to the compulsory union membership rule, and until 2004, the CHT was a government-owned company, one of the State-Owned Enterprises in Taiwan. One of the employment features of the Taiwanese State-Owned Enterprises was that massive redundancies did not take place, unlike the situation in private enterprises. As for the union movement, some Taiwanese industrial relations scholars suggest that the union organizations in Taiwanese State-Owned Enterprises were considered as a leader for the entire union movement based on their state employment conditions. In this context, the CTWU leaders could concentrate on members' interests only in the CHT, without considering some variables in the Australian context (e.g. union amalgamation, the overlapping coverage of membership poaching). Thus, one union in one enterprise (such as the CTWU) responded more effectively to privatisation than two unions in one enterprise (like the CPSU and the CEPU at Telstra).

In the process of privatisation, the success of CPSU, the CEPU, and the CTWU efforts to protect members' interests can be analysed through two dimensions: (1) did the union delay or stop the progress of privatisation? (2) did the union leadership improve job security, public servant status, wages and working conditions for their members with privatization underway? In the following section, I will use the concept of a 'Framing Processes' used by Frege and Kelly (2003) to answer how well have the CPSU, the CEPU, and the CTWU succeeded in revitalizing and defending themselves and their members - the third research question in this thesis.

8.2.5 Framing Processes

In Frege and Kelly's model, " 'framing processes' are the ways in which unionists perceive and think about changes in their external contexts as threats or opportunities" (Frege and Kelly, 2003: 14). These processes often reflect a union's identity and draw on familiar ideas about union strategies, so called 'repertoires of contention'. This can be illustrated in relation to union membership and the role of leadership.

A. Framing Processes - Union Strategies ('repertoires of contention')

The CPSU and the CEPU demonstrated a wider range of union activities (e.g. industrial activity, service activity, and political activity) than the CTWU (e.g. industrial activity) during privatisation. Compared with the cases of Telstra and CHT, the CPSU and the CEPU preferred an organising (recruiting membership) strategy in response to privatisation. However, the CTWU demonstrated mobilising power in response to privatisation, rather than an organising strategy. The Anti-Privatisation Group in the CTWU concentrated on how to retain current members (e.g. requesting international assistance, the collective bargaining agreement, industrial democracy, and fighting a propaganda war in the Media), based on compulsory unionism (without needing the effort of recruiting new members).

In part this reflects an increase in membership power which delayed the progress of privatisation in the cases of Telstra (e.g. the CEPU was representing around 42,000 Telstra employees in April 1998) and CHT (e.g. a protest march around 13,000 CTWU members on 16 August 2000). However, it also reflects a shift in union identity.

B. Framing Processes – Union identities

In the CTWU, increased union democracy underpinned an important basis for union renewal. During the rule of the Anti-Privatisation Group, the CTWU leader obtained intra-union solidarity with the CTWU membership, through four tactics: labour education, establishing a privatisation policy committee, promoting a CTWU website, and focusing on female members' interests, as mentioned in Chapter 6. This leadership provided the basis for a new sense of union identity and a new approach to union ideology.

8.3 Conclusion

My argument - examined through the cases of unions in two privatising telecommunications industries in Australia and Taiwan – is that privatisation does not have to mean trade union decline. But the way in which unions respond to privatisation are many and depend on several variables. Importantly, industrial action as evidence of 'Inter-Union Solidarity' was used by the CPSU, the CEPU, and the CTWU during privatisation. Political action was frequently used by the CPSU, the CEPU, and the CTWU in opposition to privatisation. However, this political action strategy could not guarantee unions' victories all the time.

In both cases, the CPSU and the CEPU could learn from the successful experience of the CTWU organising efforts (particularly in retaining current membership), because the leader of the Anti-Privatisation Group in the CTWU played a key role in shaping union choices and was influential through his assertion of a new union identity at the time of the crisis. Thus, the CPSU and the CEPU leadership needed to go beyond their traditional union ideology and think about whether they have a model of unionism that will enable them to survive post privatisation.

Meanwhile, the CTWU could learn from the experience of the CPSU and the CEPU which demonstrated a wider range of union activities (e.g. industrial activity, service activity, and political activity), because they were prepared to explore beyond their traditional 'repertoires of contention'.

The interactions between structural and framing variables still require investigation, and the degree to which unions are restricted by institutions is still obscure. In particular, I am interested in investigating further the divergent forms of leadership styles that influence the process of mobilising membership support and framing issues. This study supports the old Chinese adage: "If you don't fight, you lose!".

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