

## General Discussion of 'Is Declining Union Membership Contributing to Low Wages Growth?'

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The general discussion commenced around the key result that union wages, compared to non-union wages, achieve a persistent and stable wage growth premium – around  $\frac{1}{3}$  percentage points per year – within enterprise agreements. One participant noted that, over time, this gap would lead to a substantial difference in union and non-union wage levels. Discussion centred on the relative merits of analysing wages growth rates as opposed to wages in levels.

The authors clarified that wages growth rates were the focus of their analysis, in part because the available data report only growth rates (and not wage levels). However, the authors noted that their paper also presents some implications for the union wage premium in levels. Over the full 26-year sample and assuming average growth for non-union agreements, the growth premium would imply a 7–8 per cent difference in wage levels – a result consistent with the literature. Moreover, the authors highlighted that their results do not suggest that a positive union wage growth premium would last indefinitely. One participant, familiar with the data used, added that when interpreting the results one should also account for more protracted bargaining processes often associated with union involvement. The authors noted that their work also considered renegotiation time and that this indeed reduces the overall size of the union wage growth premium.

Many participants demonstrated an appreciation for the research and subsequent discussion. One participant suggested that externalities from higher wages growth outcomes negotiated by unions may flow through to wages more generally. Some participants were not persuaded by the results of the paper and stated that they still believed that the recent slow wages growth is linked to a decline in union power. It was suggested that it would be interesting to investigate the more general role of unions in the workplace, rather than focus only on wage outcomes.

One participant suggested that the effect of awards on enterprise agreements means that there was a possible channel of effect that was not captured by the analysis. They suggested that the authors should distinguish between agreements characterised by different negotiation approaches, as they often involve little actual bargaining and may instead default to the annual award wage decision. The participant hypothesised that it was often the case that negotiations simply reflect hoops employees must jump through to receive award wage increases. Another participant suggested that a perceived lack of transparency in the arbitration process has led to workers and union being reluctant to use the process to resolve disputes, thereby further contributing to lower worker bargaining power. The authors highlighted that their model does account for changes to award standards across industry and time but may lack some of the more nuanced points.

One participant suggested that it would be instructive to focus on industries where union presence is already strong. The participant suggested that there may be pattern bargaining led by certain industries; identifying these industries could be important in evaluating the total role of unions in wage outcomes. It was also noted that if pattern bargaining did indeed exist, then some agreements would be more important than others.

The authors highlighted that despite the interesting points raised in the discussion it would be difficult to model some of the outcomes. Specifically, there is currently no data for modelling selection into different methods of pay setting. Many participants complimented the work and suggested that there was scope for future contributions. One participant suggested that the next step would be to look more directly at changes in bargaining arrangements. Another participant noted it would be good to see a counterfactual that is consistent with how previous studies estimate the union premium. And lastly, it was suggested that linked employer-employee level data may aid future research.