

New Zealand performs a labour balancing act

Letter

Monday, October 15, 2007

Re: Labour's foes have neither law nor history on their side, Issues & Ideas, Oct. 11

George Heyman, president of the B.C. Government and Service Employees' Union, seems to have a very selective parsing of New Zealand's labour history to attempt to bolster his arguments.

The Employment Contracts Act came into force in May 1991, when the unemployment rate was already 10 per cent. New Zealand's economy had been turned upside-down over the previous decade when foreign markets dried up and the protective tariff barrier they had been living behind was dismantled. A recession in the late 1980s compounded these effects.

Unemployment "soared" after the Act took effect (by 20,000 people, to 11.1 per cent) about a year later. Within two years, the rate was below 10 per cent, and within four years, the rate was around six percent. In the meantime, the economy had turned around, the structural changes were having the desired effects and personal incomes soared.

The successor Act came into effect in October 2000. The unemployment rate currently stands at 3.5 per cent, the labour force is 32 per cent larger than in 1991 and personal incomes have gone up 57 per cent since 1998.

I'm not trying to attribute these positive changes to these Acts, but they had a major impact on the way business is done in New Zealand. Perhaps Heyman would like to choose a better example of the negative effects of putting more balance in the relationship between employers and employees.

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