

Trade unions have been in decline in Britain for 25 years. A new book edited by **Sue Fernie** and **David Metcalf** – and featuring contributions from most leading analysts of the labour movement – takes a generally pessimistic view of their likely future.



Trade unions: resurgence or demise?

A quarter of a century ago, only one quarter of the workforce had never been a member of a union. Since then, union membership has fallen by five million and the corresponding fraction now is one half. Today, the public sector, where three in five workers are members, has greater aggregate membership than the private sector, where only one employee in six is a member.

It is not surprising that union membership crumbled away in the 1980s and 1990s. The composition of jobs in the economy changed so that employment declined in unions' traditional heartlands of manufacturing, mining, utilities and the public sector. The state did what it could

to undermine collectivism through successive tranches of industrial relations legislation, privatisation, contracting-out and the introduction of performance-related pay for its own employees. In turn, employers responded to these signals and were more likely to oppose unions – so new recognition became difficult to achieve.

At the same time, many workers lost their taste for membership. Unions' own structures – 'male, pale and stale' – and policies – notably the pursuit of mergers seemingly for their own sake – compounded their problems. What had previously been conforming behaviour – to recognise or belong to a union – became deviant.

Our book concludes that whether unions continue in the twilight – or

instead become resurgent – largely depends on two things: first, what impact they have on firm performance and fairness at work; and second, whether the intersection of what they see as the malevolent forces of the 1980s and 1990s continues over the next decade or so.

The impact of unions as a vested interest is much weaker now than in the past. The roots of union power – the closed shop and the strike threat – are shut down and product market competition is more intense. As a result, the evidence suggests that:

- The average wage mark-up for unionised workplaces over comparable non-union workplaces is now low or zero.
- Unionised workplaces no longer have lower labour productivity than their non-union counterparts.
- Therefore, financial performance is, on average, similar to that in non-union workplaces, although where the firm has some monopoly power, a union can siphon off some of the rent from capital to labour.
- But there is no evidence that such transfers lower investment rates in firms and workplaces with union recognition compared to similar

With around 12% of privately employed workers as members, the future for private sector unionisation looks bleak

non-union organisations – indeed, investment in skills is stronger in unionised workplaces.

But there remains one acutely worrying economic outcome from the union viewpoint. On average, employment in a unionised workplace grows 3% more slowly (or falls 3% more quickly) than in a similar non-union workplace. Even though union activity is unlikely to be the cause of this differential growth in jobs, if it persists, the implications for future membership levels are serious. This evidence suggests that the employer now has less incentive to oppose unions, but the worker has less incentive to join.

Unions do continue to wield the 'sword of justice': they narrow the spread of earnings, cut accidents and promote family friendly and equal opportunity policies. Furthermore, from around 1870 and for most of the twentieth century, the share of profit in national income gradually declined, though this long-run trend has reversed in the last two decades. This too suggests a role for unions in countering exploitation – a return to the rationale for unions set out by the Webbs a century ago.

It is unlikely that future employment in the more highly unionised segments of the economy – such as the public sector and utilities – will grow more rapidly than jobs in private services where union density (the proportion of the workforce that belongs to a union) is well below average. Therefore, the future of unions turns, in part, on the thorny matter of the balance between servicing existing members and organising new ones.

Unions have seven million members, but 1.6 million of these are not covered by collective bargaining because, in many cases, the employer abandoned collective bargaining without formally 'derecognising' the union. Unions face a hard task convincing such members that it remains worthwhile to continue to belong to the union.

Unions must also service their 5.4 million members who are covered by collective bargaining, the majority of whom are in the public sector. Key tasks here include maintaining terms and conditions and providing services to individuals, including advice on employment matters, promoting lifelong learning and representing members in

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employers' procedures and before labour courts.

There are 8.7 million workers covered by collective bargaining, but 3.3 million of these are 'free-riders', benefiting from union activity without actually belonging to a union. Absorbing such workers is a

potentially low cost route to boosting membership. But much more difficult to organise are the 14 million employees who are neither members nor covered by collective bargaining.

Between 2000 and 2002, unions achieved a 25-year high in annual recruitment from this group. But this figure represented only 1% a year of the total of unorganised workers and was insufficient to offset the outflow of members because of workplace closures and contractions, redundancies, new free-riders and derecognitions. And in 2003 and 2004, the numbers newly organised by successful recognition campaigns fell sharply.



Since New Labour came to power in 1997, the hostile forces of the 1980s and 1990s have largely evaporated. Public sector employment is rising, the state is at worst neutral in its dealings with unions and new state initiatives include recognition machinery, a national minimum wage and various family friendly policies. Almost three million non-union workers say they would be likely to join if there was a union at their workplace. And the union movement has generated a series of initiatives aimed at revitalisation.

But despite all this, union membership is now the same as it was in 1997 and union density has fallen two percentage points. One plausible explanation for this

paradox is that when unions were powerful, they pursued their 'monopoly face' in manufacturing, mining, utilities and the public sector and they largely ignored the significant groups of low paid workers who suffered the worst inequalities in power and conditions.

Subsequently, that monopoly face has mostly disappeared so there is less incentive for such workers to belong to a union. At the same time, state initiatives displaced many of the 'collective voice' and 'sword of justice' activities, including promoting better grievance procedures, enhanced rights for part-time workers, limits on working time, better parental leave and the national minimum wage. In addition, both the voice and monopoly faces of unions have been supplanted by the huge but largely unremarked expansion in occupational licensing and certification, again a state initiative.

In the longer run, the passage of the European Union directive on information and consultation may be an important influence on the future of unions. This establishes, for the first time, permanent and general arrangements for information and consultation for all workers in organisations of more than 50 employees and will cover three quarters of the labour force by 2007. The tough job for unions is to build on these schemes and to maintain and expand their role in them so that they are seen as the legitimate voice representing employees. Alternatively, this indirect voice institution may crowd out the union voice.

Finally, it is worth re-emphasising the numbers. For the first three years of the new millennium, unions' organising rate was at a 25-year high of 150,000 workers a year newly recognised. Of these, perhaps 100,000 – 0.4% of employees – became union members. Assume that the net depreciation of density from closures and lost appetite for membership is 2% (though, in fact, it was larger than this in the 1980s and 1990s). In such circumstances – remember that the organising figure is probably overgenerous and the depreciation rate understated – 'steady state' union density is 20% (0.4/2), implying private sector density of around 12% of the workforce. The future for private sector unionisation looks bleak indeed.

Despite rising public sector employment and a variety of New Labour initiatives, union membership is unchanged since 1997

Trade Unions: Resurgence or Demise?, edited by Sue Fernie and David Metcalf and published by Routledge (2005), summarises the output from CEP's five-year research programme on the future of unions in modern Britain, which was funded by the Leverhulme Trust (http://cep.lse.ac.uk/future_of_unions).

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