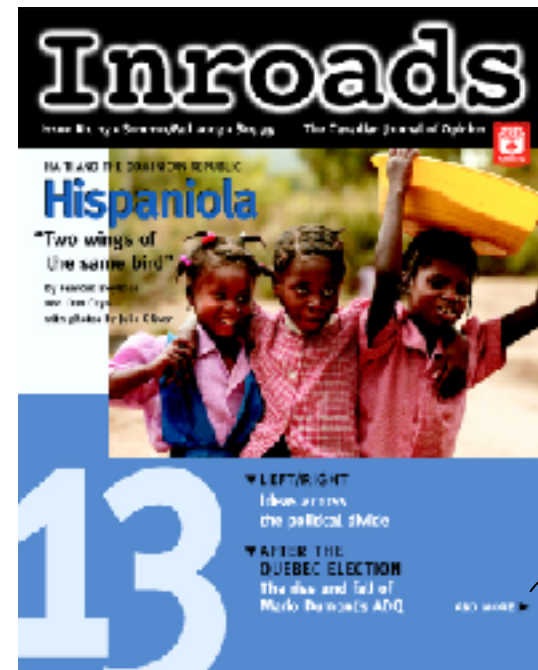


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Are labour unions obsolete in the new global economy?

by Don Wells

AROUND THE WORLD UNIONS ARE IN DECLINE. FOR THE FIRST TIME since the 1960s the proportion of Canadians who belong to unions has fallen below 30 per cent. In the private sector, once the main bastion of organized labour, the proportion of union workers is down to 14 per cent. Those employees whose numbers are growing the fastest in Canada – the young, immigrants, private service sector workers – are the least unionized.

About union decline there is no doubt, and many theories have been advanced to explain it. One theory is that these trends reflect the irrelevance of unions in the new global economy. Thanks to new technologies and management systems, workers in “post-hierarchical” organizations are now “empowered” on the job. Old antagonisms are said to be dissolving in a new spirit of cooperation. We’re all bosses now. Academ-

ics talk about liberated, fulfilling work not as a radical goal but as capitalism’s own project. From a pragmatic perspective, it is argued, this new cooperation reflects the realism of our times. In today’s hypercompetitive economy, labour-management conflicts are luxuries we can’t afford. Who needs unions?

However, despite all the talk about “post-hierarchical” work, it is extraordinary how little evidence supports this view. When studies are done of workplaces where this kind of liberating work is supposed to ex-



In Canada, “flying squads” of workers, retirees, students and other activists support striking and locked-out workers in other workplaces, as well as solidarity actions between unions and the homeless and links between unions and a host of other social movements. JOSH BERSON PHOTO

ist, few find appreciable increases in workers’ control. Typically, management control is stronger. Except for some categories of highly skilled workers (a minority) and some marginal accommodations to worker preferences, the old divide between those who design work and those who do it, between those who order and those who obey, has not changed much at all.

Perhaps this is why, outside human resource management textbooks, the language of workplace “empowerment” is heard less often these days. In its place, the more pragmatic language of “competitiveness” and “survival” has emerged as the dominant argument for union decline in the new global

economy. “Free markets,” a set of abstract forces out there, have their own in-built imperatives, we are warned. Non-unionism is at the top of the list.

This seems plausible on the surface. After all, the Canadian economy is highly dependent on international trade, especially with the United States. The United States has a far lower rate of unionization than Canada. Indeed, it has long had one of the lowest rates of unionization in the industrialized world. If low rates of unionization determine trade competitiveness, the United States should be close to the top. But it’s not. While Canada has a healthy trade surplus, the United States has a huge trade

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deficit. Other highly unionized countries are also highly trade-competitive. For example, like Canada, Sweden is one of the most open economies in the world. Its rate of unionization is now more than 85 per cent of its labour force. And Sweden is highly competitive.

Contrary to popular perception, there is considerable evidence that unionized workplaces are often *more* competitive, more innovative and more productive. Unions also tend to produce other good effects. After controlling for the influence of education, experience and other factors, unionized workers in the United States enjoy an average 10 to 15 per cent higher level of wages than non-union workers. The union wage premium in Canada has been calculated to be even higher. Unions are also a major force for greater social equality. It's almost impossible to have decent health care, public pensions, public education and a host of other beneficial social policies without a strong labour movement. This is a key reason why the United States has consistently produced the highest level of economic inequality – including the highest poverty rate – among advanced industrial countries.

If union decline can't be explained on the grounds that work has been liberated or that unionized workplaces aren't competitive, let us look at another frequently heard explanation: people don't want to join unions. Survey after survey has shown that many workers want to join unions. Despite widespread anti-union propaganda by the corporate mass media, a recent survey found that 44 per cent of private sector workers in the United States said they would join a union if offered the choice. If this happened, U.S. private sector union membership would immediately triple.

Anti-union strategies

So why don't more people join unions? Employer and government anti-unionism is a big part of the answer. Noting a significant increase in anti-union discrimination around the world, the UN-affiliated International Labour Organization (ILO) cites Canada for denying workers the right to strike by abusing its use of compulsory binding arbitration. The ILO also cites Canada for denying collective bargaining rights to many public sector workers. In addition, provincial governments now deny 10 to 15 per cent of their employees the right to strike on the grounds that they provide "essential services." Provincial governments have also weakened "unfair labour practice" laws and eliminated provisions that certify unions when enough workers have signed union cards. And provinces have scrapped antiscab laws and given employers more freedom to hire and fire as they see fit. Furthermore, in the last decade, the proportion of government jobs in the economy has fallen by almost a third. Most of the jobs lost have been union jobs.

Many private sector employers have been even more aggressive. In addition to using court injunctions and "replacement" (scab) labour, employers are resorting to sophisticated union-busting tactics. It is common practice to use rigorous hiring procedures to eliminate applicants with union sympathies. When employers commit unfair labour practices, they frequently pay no penalties, and when they do pay penalties, the fines can be less than those for jaywalking.

Governments have facilitated private sector anti-unionism by abandoning the priorities they once gave to low unemployment policies, public health care and other social

programs that gave workers a measure of protection. Ottawa has made huge cuts in social welfare and in employment insurance coverage and payments, thus undermining economic security. Whereas nine of ten unemployed workers were once eligible for unemployment insurance, today fewer than four in ten qualify. In most provinces the minimum wage has fallen below poverty levels. These and other policies are promoting a flood of precarious, part-time, short-term "bad jobs" with little job security, low wages and few if any fringe benefits. For an increasing number of Canadians, stable jobs and careers have been replaced by a sequence of employment "episodes," making it rarer to maintain a fixed relationship with any employer, or with fellow workers and one's community. In this context, union organizing is much more difficult.

On top of these kinds of attacks on unions, in many countries workers' rights to join unions are specifically denied. This is frequently the case in export processing zones (EPZs) which have been created to attract foreign investment in the global South. Investors' workplaces in EPZs are often exempted from a country's labour laws, and their employees are barred from joining unions. Even where unions are not illegal, union rights are often denied through mass firings, blacklists and other forms of repression. In addition, many countries, including the United States and Canada, deny domestic workers and migrant workers the right to join unions. Agricultural workers are another category often excluded from unions. Given that half the world's workforce is rural, this has enormous significance.

New management strategies are another reason for union decline. In Canada, the

United States and other industrial economies, modern industrial unionism was born in large factories. Today, big factory capitalism is declining. Employers are decentralizing, outsourcing and subcontracting work. In part this reflects the fact that workplaces in growing sectors of the economy, such as restaurants, retail stores and financial services, tend to be small. The trend to smaller workplaces also reflects management's use of new information technologies to coordinate production and distribution around the world. These smaller workplaces are easier for management to control. They are also harder and more costly for unions to organize and administer.

Similarly, new information technologies, together with declining transportation costs

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and the decline of tariffs and other trade barriers, make it easier for firms to locate in low-wage, high-repression, largely non-union jurisdictions. In the United States, for example, firms have been moving to the southern states where "right to work" laws make it illegal to require workers to join unions. In such labour-intensive industries as clothing, toys, electronics and footwear, transnational corporations (TNCs) have been moving to China, Vietnam and other countries where manufacturing wages are 20 or 30 cents an hour. Typically these TNCs are part of complex global production chains in which subcontractors subcontract

to other subcontractors and a host of small firms and home workshops diffuse and disguise responsibility for labour rights. Many of these TNCs now “regime shop” for even lower labour standards, pressuring governments and workers to compete for investment and jobs by reducing wages, accepting worse working conditions and restricting labour rights, including the right to join unions.

It is in this context that we are witnessing the rise of global sweatshops. In one recent case, a well-known firm in Canada, which advertises itself as a socially responsible company, has been accused of forcing 16-year-olds in China to work up to 98 hours per week and exposing them to toxic chemicals while paying them 22 cents an hour. In another case, a Chinese manufac-

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turer of McDonald’s Happy Meal toys has been charged with employing 13-year-olds to work 16-hour days for \$3 a day. A U.S. court recently convicted the owner of a factory in American Samoa of “modern-day slavery.” A study of Nike has concluded that it is “still the norm” for the 500,000 overseas workers employed in Nike contract factories to face “excessive work hours, poverty wages, harassment, and restrictions on organizing.” In countries such as China and Vietnam, where most of the world’s imports of clothing and many other labour-inten-

sive goods come from, it is illegal to join independent unions, and workers who try to exercise these rights are liable to find themselves in jail or an insane asylum. This anti-labour “race to the bottom” is also causing a return of sweatshops in industrialized countries such as Canada and the United States. In Los Angeles and New York, for example, two thirds of the clothing firms have been found to violate minimum-wage, health and safety, overtime and other basic labour standards.

The informal economy

More fundamental to explaining the decline of unions is the rapid growth of the informal economy in almost every corner of the world. Varying from country to country and region to region, the informal economy is highly diverse. It includes workers in survival activities such as street vendors, shoe shiners, garbage scavengers, scrap and rag pickers, paid domestic workers employed by households, home workers and workers in sweatshops, and self-employed people operating on their own or with family members. International economic organizations such as the World Bank and the International Monetary Fund promote this informalization of employment through “structural adjustment programs” that pressure governments to privatize public sectors and expand exports through anti-labour policies. TNCs are increasingly taking advantage of these pressures. Many of their suppliers are based in informal economies. For example, Unilever sells soap through street vendors and Coca-Cola is sold through kiosks. Furthermore, as international trade liberalization destroys the market niches of domestic firms in the global



South, more workers are being forced into the informal economy.

Indeed, it is in the informal economy that most jobs are being created. In Africa more than 90 per cent of new jobs in the past decade have been created in the informal economy. In Latin America the informal economy accounts for 60 per cent of urban employment, according to ILO data. In Russia estimates of secondary employment (usually casual, unregistered employment) range from 35 to 90 per cent of the employed population. In Asia informal employment ranges from 45 to 85 per cent of nonagricultural employment. Informal employment is also growing in industrialized economies. In the European Union it is now estimated that “undeclared work” amounts to between 10 and 28 million jobs. Around

the globe an estimated 211 million children between 5 and 14 years old wash cars, shine shoes, hawk, deliver goods, weave, make fireworks, matches, clothing, furniture and bricks, and do hard physical work such as scavenging, construction and commercial agriculture. Many of these children perform the most dangerous and degrading forms of work, including prostitution and drug trafficking, to survive.

These kinds of workers are least likely to have the right to join unions. Most have been left completely outside the labour laws, with little or no protection against arbitrary dismissal, workplace health and safety hazards, excessive overtime and other violations of basic labour rights and standards. All these “decent work deficits,” as the ILO calls them, could be corrected if workers were able to form strong, independent unions. However, even when workers do have an official right to join unions, employers rarely allow it. According to the ILO, “informal” workers “represent the largest concentration of needs without voice, the silent majority of the world economy.”

The crisis of legitimacy

When the decline of unions around the world is put in these contexts of changing power relations between employers and workers and between governments and workers, it is hard not to conclude that good unions are needed more than ever. Together with the visibility of the crimes of Enron, Worldcom and other giant TNCs, the “might is right” exercise of corporate power is gen-

erating a crisis of legitimacy. This crisis is reflected in opinion polls and in the “global justice” demonstrations in Seattle, Vancouver, Quebec City, Prague, Genoa, Washington and elsewhere. It is reflected as well in the unprecedented rise of the global “antisweat” movement. It may have contributed to the even more massive, and equally unprecedented, global movement against the war in Iraq.

In Canada we saw a turning point earlier, in 1988, when the majority of Canadians voted against “free trade” and got it anyway. For Canadians, this experience politicized the new global economy in a way it had never been politicized before. This new politicization of “free markets” underlies popular opposition to NAFTA, the Multilateral Agreement on Investment, the Free Trade Area of the Americas, the World Trade Organization, the World Bank, the International Monetary Fund and the ideology of neoliberal regionalization and globalization. It signifies a growing visibility of antagonisms between, on the one hand, the interests of political and corporate elites and, on the other, growing segments of the Canadian population, including many youth, immigrants, faith groups, consumers, unionists, environmentalists, feminists and activists of all sorts.

In key respects this new politics represents a contest for democracy itself. The new global economy is contributing not only to a “representation deficit” when it comes to union rights, but also to a “democratic deficit” when it comes to citizen rights. Union rights are core democratic rights; labour rights and democratic rights are inseparable. Increasingly in the new global economy, labour is becoming an unregulated commodity. Where markets are sovereign, the

labour of citizens and of society is narrowed down to mere economic exchange instead of being the heart of democratic politics. While property rights have been constitutionalized in international economic agreements, labour and other human rights have been left outside, in the realm of the voluntary and private. Democratic trade unions are more representative of society than the plutocratic command structures of private corporations. If the main point of government becomes aligning society with these private “market forces,” where lies democracy?

Revitalized unions

As part of this new contest for democracy, there are signs that labour movements are taking new forms. In Canada, these include “flying squads” of workers, retirees, students and other activists who support striking and locked-out workers in other workplaces, as well as solidarity actions between unions and the homeless and links between unions and a host of other social movements, including the environmental, antiracist, feminist, student and peace movements. Particularly prominent is the growing participation of unionists in solidarity with workers in the global South, in the global justice movement and in the antiwar movement. There are also signs of a re-emergence of grassroots participation in some unions and of the development of alliances with non-union workers, including those who define themselves primarily in non-class terms: immigrants, ethnic and “racial” groups, women, youth and others.

Another indicator of revitalization is the shift toward new organizing. In Canada, several unions are devoting dramatically

increased resources to organizing growing numbers of private sector workers, including hotel workers, restaurant workers, retail workers and security guards, many in part-time and temporary jobs. Many medical, teaching and other professionals are also joining unions as part of their resistance to public sector budget cuts. Professional unionization is also often a response to administrators’ challenges to professional autonomy. Thus, in the United States, doctors are increasingly at loggerheads with powerful managed care companies. Many university teachers are unionizing because they face similar challenges. The spectre haunting universities is electronic education delivered by low-paid academic nomads on short-term contracts, with excessive teaching loads and little or no time for their research.

“Community unionism” centred on alliances between unions and community groups in pursuit of common goals is another indication of union revitalization. In the communities in which they live, union members are working with minority rights groups, religious groups, women’s groups, training agencies and other organizations. These union-community partnerships help with organizing drives, promote improved community services, fight against cuts in social programs, campaign against racial and gender discrimination, improve schools, build social housing and pursue a host of other community goals. In the United States, for example, community unionism has been effective in helping to organize home workers, home care providers, sweatshop workers and other marginalized, often invisible workers, including undocumented immigrants. Recently, a broad coalition of labour, religious and community groups worked with Latino and Chinese American workers

to pass an Unpaid Wages Prohibition Act. As a result, New York State now has the strongest wage enforcement law in the United States.

In other parts of the world unions are active in promoting democratic worker co-operatives to organize workers. In Singapore, the labour movement helped create a workers’ co-op among self-employed taxi and minibus drivers. In Benin, unions helped build a producer co-op spanning 33 villages. In the Philippines the labour movement organized a cooperative for poor families by providing loans, training and a social security program and by helping members market their products.

All these are signs not of the demise of unions but of the labour movement’s grow-

Transnational corporations are part of complex global production chains in which subcontractors subcontract to other subcontractors and a host of small firms and home workshops diffuse and disguise responsibility for labour rights.

ing adaptation to the new global economy. The history of unions is a history of workers organizing themselves on the basis of solidarity with one another and with their allies. Management strategies change. State policies change. And so do labour movements. We are seeing the decline of certain forms of unionism, particularly the more bureaucratic ones. At the same time, we are also witnessing a new wave of politicization and the mobilization of broader, more participatory forms of unionism. What has not changed is the need for workers to organize themselves. ■