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What is This?
Introduction: Causes, consequences and cures of union decline

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In 2000 the political leaders of the European Union declared that strong economic growth and advance towards a knowledge society, together with a high degree of social cohesion, would be the pre-eminent goals for the subsequent decade. A question never asked was what would happen, and what remedial action would be taken, should the conditions conducive to growth and the knowledge economy conflict with the political and institutional underpinnings of social cohesion. What if strong employment growth turned out to be founded on the destabilization of the standard employment contract, or if the advance towards a knowledge economy brought about a sharp rise in social inequality and polarization between skilled and unskilled workers and between those with and without stable jobs? Would trade unions be willing and able to counteract or attenuate such trends and bridge the differences between the new haves and have-nots? Or would they be marginalized, slowly but irreversibly, together with the stable employment relationships that characterized the mid-20th century?

In this special issue we consider the evidence on the causes, consequences and cures of union decline. The contributions stem from an open call for papers from the EQUALSOC network of excellence (economic growth, quality of life and social cohesion), funded by the European Union’s Sixth Framework Programme. With financial assistance from the EU, the papers were discussed at two workshops at the Mannheim Centre for European Social Research (MZES), University of Mannheim and the

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Amsterdam Institute of Labour Studies (AIAS), University of Amsterdam. This special issue raises important questions for European social cohesion. How far have unions declined, where and why? What, if any, are the consequences for labour relations? And what are the possibilities of a turnaround; that is, is there a cure?

We examine union ‘decline’ through the prism of membership (see Ebbinghaus and Visser, 2000), although we are well aware that there is more to union power than mobilizing members and more to union decline than dwindling membership. But, as Ebbinghaus, Göbel and Koos argue below, ‘membership mobilization is crucial for trade unions as voluntary organizations . . . It ensures trade unions’ capability to sign and implement collective agreements for the represented employees and pressure government policy. Therefore, membership is of vital importance not only for these organizations themselves, but also for the analysis of labour relations in society.’ A huge change or turnaround in the union density rate usually indicates a change in employment relations and the impact of radical labour market developments.

There is no disputing the decline in union membership in absolute terms and relative to an expanding dependent labour force. Between 2000 and 2008 union membership in the EU, excluding members who have retired from work, dropped from 46 to 43 million. Waged employment (excluding employers, the self-employed and family workers) increased from 120 to 140 million employees during the same nine years, so that density decreased from 27.8 to 23.4 percent (Visser, 2010). Over a longer period of three decades, while the EU expanded from nine to 27 member-states, union membership stagnated, whereas non-membership more than doubled, causing the average EU union density rate to halve (see Figure 1). The sudden increase in membership following the fall of the Wall in 1989 was due to the initially higher union density in East Germany and other post-communist countries, but this advantage quickly withered away.

Although membership losses were concentrated in Central and Eastern Europe (CEE), and in (East) Germany, after 2000 union density rates fell in all 27 EU member states, with the possible exception of Belgium. This case is potentially interesting for understanding the causes, and cures, of membership decline. Therefore one of the articles in this selection analyses the Belgian case in depth, drawing a comparison with the better-known Nordic cases that are known to have been less affected by membership decline.

With such a universal process of decline, it is tempting to look for general causes, some exogenous to the unions, like globalization; the rise of financial markets; changing labour markets (flexible employment contracts, part-time work, unemployment); changes in management and organizations (new methods to reward and control labour, less dependent on the intermediation of trade unions); changes in politics (movement to the right and decline of the unions as a political resource) and some endogenous, linked to union (in)action (lack of connection with youth, new generations and new social movements; reliance on traditional organizing methods adapted to manufacturing industry, large firms or the public sector; inadequate services and increased competition from alternative providers, including the welfare state and social insurance). In this special issue we aim to be attentive to both exogenous and endogenous causes.

In the search for explanations most studies exploit the differences in unionization levels across countries. Remarkably, although unionization was lower in 2008 than in 1980 in all countries for which we have comparable data, the ranking of countries hardly
changed. The rank-order coefficient between the 1980 and 2008 data is high (.90), the biggest surprises being the more than average decline in Austria, Ireland and Portugal, and the relative stability in Belgium, Luxembourg and Italy. But at the top and the bottom nothing changed, with the first three places taken by Sweden, Denmark and Finland, and the two lowest, by far, by France and Spain, although in many CEE countries unionization has now also fallen below 10–15 percent. These constant differences suggest that time-invariant or slow-changing national labour market institutions are just as relevant for explaining unionization as the time-varying, general labour market changes affecting all European economies. The challenge is to combine the two explanations and to allow for endogenous institutional change as well.

Union membership decline co-evolves with other long-term changes in labour relations and institutions such as collective bargaining, employment protection and social insurance. For instance, in Germany (Addison et al., 2010), the erosion of collective bargaining institutions, particularly in the East, has changed also the position and prospects of German unions. Where such changes have happened over a much longer time span and have narrowed the representation of unions to a minority of firms, as for instance in the US and the UK, this altered the strategic policy options of unions. This is probably one reason why, after many years of unsuccessfully focusing on ‘services’, innovative union strategies in the UK and US focus on ‘organizing’ new groups of workers outside the existing boundaries of collective bargaining. The ‘organizing’ model of
union recruitment has recently also inspired some Dutch and German unions (Vandaele and Leschke, 2010). In their contribution on union renewal strategies in three CEE countries, Kaminska and Kahancová ask the pertinent question why, and how, some unions seize the opportunity related to new developments in the labour market – in their case related to migration, but elsewhere it may be temporary work, part-time employment, self-employment, or developments in a particular market, like cleaning, telemarketing, catering or home care services (topics on which this journal has published articles in recent years) – whereas other unions do not. The fundamental hypothesis is that such differences in strategic action across unions, within and between countries, are deeply related to the institutional resources on which unions rely. We will return to this point.

All of the following six contributions place labour market institutions at the core of studying the main causes, major consequences and manageable ‘cures’ of union decline. The first, by Ebbinghaus, Göbel and Koos, uses the European Social Survey (ESS) for a multi-level analysis of union membership in 19 European countries. Controlling for individual factors influencing membership decisions, in particular gender, age, education, political attitudes, social class and atypical employment, they seek to determine the effect on union membership decisions of three meso- and macro-level institutions: a ‘Ghent’ (union-administered) unemployment insurance system; workplace representation; and the presence of social capital. The authors clearly establish that the presence of these three institutions create a different and more favourable social context for union recruitment and individual membership decisions.

Although residing at a level beyond the individual, these institutions offer different beneficial social contexts for individuals and organizations: the Ghent system provides positive selective incentives for membership, workplace presence helps unions to organize and lowers their costs of recruitment (or raises the costs of non-membership), and a society’s social capital fosters union membership even, or perhaps especially, in times of de-unionization. Novel in this article is the demonstrated positive effect on union membership of a society’s as well as an individual’s social capital. The finding that union members tend to be involved in other organizations could be turned around strategically: unions should seek alliances to other civil society organizations not only for political strategic reasons but to reach out to the not-yet-unionized social groups which are most likely to become union members.

Labour market institutions are not neutral, but have selective effects: they influence not only the level (or probability) of membership but also who becomes and stays a member and who does not. This is one of the key themes in the analysis of the Ghent system in Belgium, the country that gave this particular system of unemployment insurance its name and where the unions still operate a particular (hybrid) type, based on compulsory rather than voluntary membership unlike the original version. In the second article, Van Rie, Marx and Horemans fill a gap in the literature by offering a detailed analysis of how this system works, how it benefits the unions and how its operation and effects on unions differ from the ‘Ghent’ systems in Finland, Denmark and Sweden. With help of ESS the authors show that a union-operated Ghent-system does what it is supposed to do, making union membership more attractive for workers with the highest unemployment risk and least secure status in the labour market: young workers, those with lower skills and education levels, manual and industrial workers. This is precisely where the membership composition of Belgian unions tends to deviate from the European average: it is much...
less biased towards older workers and those employed in the public sector. Of course, what helps here is that compulsory unemployment insurance with union administration of the system does not impose higher costs on workers with higher unemployment risks, as seems to be the case, increasingly, in the Nordic countries, especially after the recent reforms (Böckerman and Uusitalo, 2006; Kjellberg, 2009; Lind, 2009).

Can the ‘Ghent’ system be a ‘cure’ for union decline? Yes, if other countries could replicate the Belgian system, but the authors rightly point out that this is unlikely and that in the Nordic countries the recent trend has been in the opposite direction. An interesting question is whether the political interventions that eroded the link between unemployment insurance and union membership in the Nordic countries are the consequence rather than the cause of union decline. In the same spirit, one wonders why none of the newly created unemployment insurance systems in post-Communist CEE countries followed the logic of a voluntary Ghent system, nor accorded a role to the unions in administering mandatory unemployment insurance.

Another key question, also broached by the authors, is what the current recession will have in store for unions. The main threat, particular for unions, is the rising level of unemployment – averaging more than 10 percent in the EU and still rising in mid-2010, two years into the recession. Based on past research it is safe to predict that unemployment is bad news for the unions, directly because they lose members, and indirectly because it is harder to defend jobs, purchasing power, wages and employment terms gained in ‘better times’. Of course, much depends on who are becoming unemployed and whether and how quickly they find a way back to a job. In the initial phase of the current recession, the brunt of the job losses was felt by employees working on temporary contracts, including agency workers, and by migrants. These groups are underrepresented in the unions. Short-time work measures, supported by concessions from the unions, saved many jobs in manufacturing at the cost of reduced income; membership losses might have been greater without such measures.

With membership concentrated in the public sector, especially in Southern and Eastern Europe, the current fiscal austerity programmes and cuts in public jobs and wages are more threatening for European unions. In the third contribution to this special issue, Checchi and Nunziata probe this issue further by proposing a simultaneous determination of unemployment and union membership. They propose and estimate a model that allows simultaneous determination of the effect of unemployment on union membership and the effect of membership on unemployment. This model is able to capture cyclical variations of both variables, returning the equilibrium association between them. In this setting, country heterogeneity becomes crucial, making it hard to identify a single model of unionization for all market economies. Their analysis, covering 20 major OECD countries over a period from 1964 to 2000, shows that, depending on institutions (such as unemployment insurance, employment protection, centralized bargaining and the tax wedge), the consequences of rising unemployment and/or rising union membership differ across groups of countries, varying from the Nordic and continental European welfare states to the liberal (anglophone) and Southern European economies. Similar shocks, such a sudden rise or decline in unemployment or in union power, have different consequences for labour markets and may feed through in further feedback processes (virtuous or vicious cycles), depending on the interplay of institutions.
What do unions do and what can unions do? The final three contributions are in some way asking these pertinent questions, at different levels and at different degrees of abstraction. The following article by Fazekas is based on ESS data for 21 countries and relates individual-level data and macro-level institutions through a multi-level regression analysis. In order to balance the determinism of explaining union membership based on individual characteristics of (potential) members (age, gender, education), his multi-level approach makes room for bringing in the union as an actor. The individual-level approach assumes in essence a ‘worker choice’ model (Schnabel, 2003) and asks what benefits and costs union membership holds in store for different groups of workers. This can be fruitful in explaining the differences in unionization across social groups and, when finding that these differences are rather similar in different countries, we understand why universal labour market changes (decline of manufacturing, rise of services and professions, precarious employment, etc.) militate against union growth. This analysis can be enhanced by allowing for the influence of nationally specific institutions and social contexts (as in the preceding analysis by Ebbinghaus and colleagues) and by theorizing that union membership decisions are also made on the basis of perceived group membership and standing in such groups (Booth, 1985; Visser, 2002).

What has received relatively little attention in the literature are the ‘offers’ that unions make in return for membership. Fazekas considers in his contribution two such ‘offers’: protection from the effects of unemployment, and sharing in wage gains through collective bargaining. His argument is that these offers ‘are highly embedded into the institutional structure, reflected through previous agreements, tripartite practices, their relationship with the state or business representatives . . . because they determine what direct resources the unions will get . . . and what could be the realistic benefit gained by a potential membership’. Institutions such as ‘Ghent’ unemployment system or extension of collective agreements to non-members act as ‘cues’, in so far as they help workers in seeing what the unions might do for them. The test of this proposition is that ‘Ghent’ systems and the extension of collective agreements modify (strengthen or weaken) the probabilities of membership based on individual labour market characteristics, and this is exactly what the article by Fazekas finds.

A policy conclusion from this analysis, seeking a cure for union decline, might be that once unions can no longer rely on a Ghent system, it becomes more important to create union institutions that are accessible to young people and workers with flexible or weaker attachments to the labour market. Whether such institutions should be based in the workplace is questionable, given the mobility of young workers between jobs or employers and their frequent spells in unemployment or training. Another conclusion is that in countries where the results of collective agreements are routinely extended to non-union members, the union cannot gain much from advertising its wage gains and is therefore well-advised to invest in benefits other than wage improvements to offset the costs of membership (such as special services, membership-only benefits or union-supported training contracts).

Using workplace related data for Britain and France, Bryson, Forth and Laroche examine in the penultimate article the effect of unions on the financial performance of workplaces. They find that negative effects prevail, in other words the lowering of profits or other financial compensations for capital is not compensated by higher productivity or
output. The authors refine their conclusion by showing that these consequences are limited, in Britain, to the minority of unionized workplaces where there is active collective bargaining and, in France, to the rather few workplaces where unions reach a high density and have a reputation for militancy. This result can be read in different ways: one might argue that it shows that such unions are effective and achieve the results that members expect from them, at the expense of profits and, possibly, investment and employment in the long run. A different reading of these results is that they reflect the structure and politics of British and French unions and industrial relations, and that the effects of Swedish, German, Polish or Spanish unions are probably different. We do not know, as there is hardly any comparative empirical research on this. The authors suggest that, with a further movement of the French industrial relations in a British direction, based on fewer state guarantees for a union role in bargaining, the negative effects – directly on workplace performance and indirectly on the unions themselves (fewer workplaces being unionized) – will come to prevail.

In the final contribution to this special issue, Kaminska and Kahancová explore how the weakened unions in post-communist Europe have responded to the opportunity offered by increased emigration after EU enlargement in 2004 (and 2007). They theorize that migration, by alleviating unemployment, should have facilitated the unions’ organizing and bargaining position. Further developing the actor-oriented framework on union renewal outlined by Frege and Kelly (2003), they propose a model of union strategy-building in response to out-migration in the health sector, identify the factors behind unions’ choice of strategy and examine the cross-country variation in union responses in Slovakia, Poland and Hungary. They find that variations in union strategies depend mainly on the interplay of union resources and state strategies, but also on how unions perceive the opportunities created by migration and frame a process of change with the potential benefit of gaining legitimacy. With their contribution Kaminska and Kahancová underline a point of wider significance: union leaders do well if they convincingly frame the ‘cure’ for union decline at the same time as a ‘cure’ for particular economic problems or social ills. It seems to us that the future of unions depends very much on that imaginative capacity.

Taken together, the contributions seem to paint a fairly bleak picture of the future for trade unions. This stands in contrast to some of the ‘union revitalization’ literature which emphasizes the importance of strategic decisions taken by individual unions in ‘growing’ their membership and ensuring their relevance to a potential membership base. However, that literature is problematic for two reasons. First, it adopts a largely Anglo-American perspective that understands unions as workplace-centric, relying largely on membership numbers for their financial survival (and in the USA to win workplace elections). Consequently, their fortunes are bound up in access to workers at the workplace. Further, since the benefits of union membership are experiential in nature, the act of ‘selling’ unionism to workers has always been difficult. Supportive social trends and social customs are required to make unionization’s hard-to-observe benefits easier to discern. These trends and customs have been cutting against union membership in recent years (Bryson et al., 2010). Some argue that new internet-based technologies can help unions rebuild those social networks, thus providing a foundation for membership growth. Others point to new forms of unionization that move beyond the workplace as the basis for a favourable future for unions. For instance, Wills (2001) points to community unionism, while Freeman (2005) describes the phenomenal success of Working America (a community-based
affiliate of the AFL-CIO) in galvanizing support for union ideals among ‘members’ beyond the workplace. Perhaps the chief concern with this literature is that there is no clear ‘blue-print’ for the growth of unions as we know them, namely unions that engage in collective bargaining and thus directly affect workers’ terms and conditions of employment. Where there are good examples, such as the SEIU in the USA (Erickson et al., 2002) and the Canadian Auto Workers (Eaton and Verma, 2006), the story is often one of a battle for a share of the existing market for union members rather than successful efforts to reach out to new union workers. As Gomez et al. (2010) put it, the trajectory for union membership is akin to a product life cycle for a mature product. If one accepts the analogy, the state of unions, at least in the Anglo-American world, is parlous indeed.

The question left unanswered by this literature is how such strategies relate to unions beyond the Anglo-American world? Here, unions do not rely so heavily on membership as the basis for their financial survival and political influence. Instead, in large parts of Europe, as we show in this issue, unions are strongly embedded in social, political and economic structures which help sustain them and provide a strong foundation for their influence in society. Although the strongest expression of this ‘embeddedness’ is found in the Ghent systems, it also exists in countries such as Germany and France where the default position is the presence of union organization at industry or workplace level. In these countries and others, unions’ ability to influence what happens ‘on the ground’ bears little connection to membership density, and unions receive substantial financial and non-financial support from the state (in the case of France) and employers (in the case of Germany, Belgium, the Netherlands and many other countries). Of course, this support can and does change. In Germany, for instance, sectoral bargaining is in decline, partly because of decisions made by employers, whereas in France, new regulations may further strengthen the role of union representation at the workplace. The point is that many European unions face a different set of choices related to decline and revitalization compared to North America (or Britain).

The second major concern with the union revitalization literature is that it is a-historical. There is very little reflection on what has happened in previous periods of rapid change. It is true, as noted above, that some social, economic and political trends appear to militate against workers joining unions. But very significant reversals in union fortunes have happened in the past. Perhaps the best example is the premature declaration of the death of US trade unions by the president of the American Economic Association, a year prior to their incredible revival in the Roosevelt era (Kaufman, 2001). Examples in Europe include the Italian and Finnish unions in the late 1960s. Among other things, what proved crucial in such cases was a change in the direction of public policy, partly inspired by a realization that unions provided a much-needed counter-balance to the unbridled power of capital. Given recent events, it is not beyond the bounds of imagination that voters and policymakers will come to a similar realization, although the difficulties of social-democratic parties in recent European elections do not suggest that this moment is imminent.

References


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