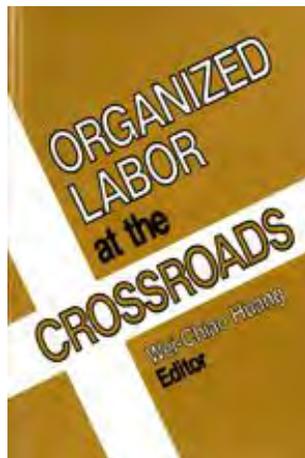

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The Changing Status of Unionism Around the World Some Emerging Patterns

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Around the world? The whole world? The title obviously promises more than I will deliver, particularly for the 1980s when unionism is changing differently across countries: losing ground in the United States, Japan, and some European countries; seeking to revamp industrial relations practices in Australia; maintaining high levels of representation in Sweden, Belgium, and Denmark after substantial growth in the 1970s; achieving free and independent status in Spain and Korea and briefly in Communist Poland as part of democratization; organizing mass protests in South Africa and Namibia; and showing glimmers of playing a greater role in Communist countries. As I have neither the space nor competence to cover the world in its entirety, I will concentrate on emerging patterns in countries about which I have firsthand knowledge and limit myself to brief speculative comments on changes elsewhere. Three questions guide my investigation.

Is the deunionization that characterizes the United States a “necessary” feature of advanced postindustrial capitalism?

What forms of unionism have fared best in the postoil shock economic environment?

Where are the most significant changes in unionism likely to occur in the next decade or so?

My answers to these questions are based on the following findings of fact and observations.

(1) There is a growing divergence in the rates of unionization among developed OECD economies, with union density falling sharply in some

places while reaching unprecedented peaks in others. If the trends of the 1980s continue, the Western world will be divided between countries with strong trade union movements that participate in national economic policymaking, as in Scandinavia, and countries with “ghetto unionism,” where organization is limited to a small segment of workers, as in the United States.

(2) The divergence results in large part from the degree to which country differences in the legal and institutional features of industrial relations give employers the incentive and opportunity to oppose unionization of their workers, not to “inexorable” economic changes.

(3) Increased competition due to foreign trade, capital mobility, and deregulation of markets has reduced the ability of unions to raise wages in manufacturing, shifting the locus of unionism in some countries to public sector or white-collar workers, and creating a situation in which unions do best in neo-corporatist settings where they participate with management and government in determining national economic policy.

(4) A major barrier to reforming communist economies are old-line managers and party functionaries, whose skills and experience make them more adept at dealing with a command economy than with market institutions, and whose stake in the command system impels them to throttle efforts to free markets. As workers are the only group with the potential to challenge these bureaucrats at the enterprise level, unions, either reformed official unions or new independent unions, have a potentially important role to play in “perestroika.”

On the basis of these facts and observations I conclude that:

- there is nothing about advanced capitalism that necessitates United States-style declines in unionism;
- unions do better where they take a macroeconomic national perspective in neo-corporatist-type settings;
- unions will become increasingly important in the Communist world.

The remainder of this paper presents the evidence and arguments for these claims and lays out the major lesson I draw for understanding industrial relations around the world.

Divergence of Union Density

The first and seemingly simplest claim to document is the differential change in union representation of workers among developed countries. Unionism means something different in different settings. It involves collective bargaining with written contracts in the United States; national wage-setting in Scandinavia; representation at the company level and the Shunto offensive in Japan; many unions at the same workplace in France, Belgium, and Italy; and so on. It includes the unemployed in some countries (Belgium, Denmark, and Sweden, where unions administer unemployment insurance benefits) but not in others; and membership estimates come from diverse sources (labor force surveys, reports by unions, employer surveys, union financial records). The seemingly simple is fraught with problems, however. Even the most careful estimates of density provide only crude indicators of union strength and must be informed by direct knowledge of institutions so as not to be misleading.

This said, Exhibit I records readily available figures from the Bureau of Labor Statistics and other sources on the union proportion of nonagricultural wage and salary workers in OECD countries. As examples of the problems in cross-country comparisons, note the following: in Australia, unions enlist half of the workforce but represent virtually all workers before the industrial tribunals that formally set wages; in France and Germany, legal extension of agreements between representative employers and unions gives unions a larger role in wage-setting than density figures indicate—in France, for example, in the 1980s, 80 percent of wage workers were covered by legally extended industry agreements while only 24 percent had plant-level agreements;¹ in Italy and France, membership is vaguer than in many countries and a bit of a trade secret among competing organizations, leading me to put question marks next to their data. The available measures of density are better suited to analyze trends over time, but still are hardly problem-free. The United Kingdom figures understate the decline in density in the 1980s as some unions exaggerated membership to maintain high representation in the Trade Union Congress and Labor Party. The American data mix two conflicting trends: the disastrous drop in private

sector unionism and the relatively late development of public sector unionism. The Italian data may exaggerate the downward trend due to omission of members of establishment-level unions outside the standard organizations.

Measurement issues notwithstanding, Exhibit I shows a wide range of variation in unionization levels and trends that are unlikely to change with better data. From 1970 to 1979, density increased in most countries, rising 10 or so points in several, but fell in the United States, Japan, and Austria. From 1979 to 1985/86, density stabilized in most countries but fell in the United States, Japan, United Kingdom, the Netherlands, and Italy. Two decades of decline make the United States and Japan the centers of deunionization.

The differential trends produced the substantial divergence in unionism noted at the outset. Formally, the coefficient of variation of density in Exhibit I increased from .31 in 1970 to .39 in 1985/86; the difference in the average density between countries in the top and bottom thirds of the density distribution rose from 34 percentage points to 49 points over the same period; and the share of union members of the countries exhibited in the United States and Japan fell from 42 percent in 1970 to 34 percent in 1985/86 at the same time that the share of wage and salary workers in the two countries rose from 50 percent to 54 percent.²

Note, finally, the differential changes in density between pairs of countries with similar industrial relations: the United States and Canada; the Netherlands and Belgium; the United Kingdom and Ireland. These patterns show that diverging trends represent more than disparate development of different forms of unionism.

Strike Days Lost

It is important to recognize that cross-country differences in union density do not imply similar patterns of differences in labor-management conflict, as reflected, say, in strike days lost per year. To the contrary, the degree of labor-management conflict is essentially unrelated to union density across countries (see Exhibit II). High-density Sweden, for instance, has one of the lowest strike rates in the OECD while moderate-density Italy has a high rate and low-density United States has a moderate strike rate. Spearman rank order correlations of countries by density

and strike days lost are effectively zero.³ As for trends, in contrast to the divergence in densities shown in Exhibit I, Exhibit II reveals a modest convergence in strike days lost among countries in the 1980s. The reason for the differing patterns is simple: strikes reflect the state of labor-management relations in a country, not the degree of unionization, and countries with high or low levels of unionization can have adversarial or cooperative relations.

Accounting for the Divergence

To determine the causes of the divergence of union density across developed countries, I analyze next the leading case of deunionization, the United States; I consider the relevance of my explanation to the United Kingdom and Japan; and I explore some of the causes of union growth in Western Europe, particularly Scandinavia and Belgium.

Two types of explanations have been advanced to account for the fall in density in the United States: “nonconflictual” explanations that attribute the fall to structural changes in advanced capitalist economies; and “conflictual” explanations that stress management antiunion campaigns in an institutional setting where employers influence decisively the outcome of organizing drives.

My reading of the cross-country and within-country evidence leads me to reject the nonconflictual explanation of the decline in unionization in the United States and elsewhere in favor of the conflictual explanation.

Nonconflictual Explanations

The principal factors suggested here are shifts in the composition of employment toward traditionally nonunion jobs and types of workers, a worsened public image of unions, increased government protective labor regulations that provide an alternative to unionism, and declining worker desire for unions as a result of high wages and good working conditions, i.e., “positive industrial relations” in many companies.

The hypothesis that *shifts in the composition of employment* toward white-collar and service-sector jobs and female and more educated

workers is the prime reason for the decline in density in the United States runs counter to the basic fact that workforces throughout the developed world have experienced similar compositional changes without deunionizing.⁴ As a case in point take Canada, where many of the same firms and unions operate in a similar industrial relations system as in the United States and which had comparable changes in the composition of employment as the United States but where union density has grown rather than fallen. As can be seen in Exhibit III, the difference between the United States and Canada lies within sectors: density increased in most one-digit industries in Canada while dropping in one-digit industries in the United States. Measures of density by industry for Japan also show substantial changes within sectors. Finally, collective bargaining coverage figures for the United Kingdom show falls in coverage for almost all sectors from 1973 to 1985 (Pelletier and Freeman 1988). In these countries and in the United States the fundamental reason for falling density appears to be union failure to organize new plants and industries.⁵

Two pieces of international comparative data contravene Lipset's *public image* explanation of changes in union density: opinion polls of attitudes toward unions in some Western European countries that reveal as poor a public image of unions as in the United States without any decline in density; and 1980s opinion polls for the United Kingdom that show attitudes toward unionism becoming more favorable during the 1980s drop in density! Time series data for the United States also gain-say the public image argument, showing no drop in public approval of unions between 1972 and 1985, when density fell sharply.⁶

The argument that unionism is declining because *governmental regulations substitute for union protection* of workers at workplaces (Neumann and Rissman 1984) is inconsistent with cross-country evidence that unionism has remained strong in Scandinavia and other European countries with highly regulated markets. It also runs counter to: the accelerated decline in density in the United States during the Reagan administration, which eased labor regulations; the turnaround in density in the United Kingdom under the Thatcher government; the great desire for unions by black Americans, who receive special legal protection against discrimination; and the success of unions in states with the

greatest legal protection of workers (Freeman 1987; Block, Mahoney, and Corbit 1987. The argument that unionism and government regulation are substitutes is flawed because it fails to recognize that “enacting a law and securing the realization of the purpose the law is aimed to secure are two vastly different matters” (Gompers 1965, p. 54). To benefit from legal regulation, workers need a union or union-like agency to monitor compliance at the shop floor.

The claim that increasing numbers of workers in the United States reject unions because they enjoy improved wages and working conditions is inconsistent with survey data showing that the proportion of nonunion workers wanting to be represented by a union remained roughly constant at one-third between 1973 (Quality of Employment Survey) and 1985 (Harris Survey).⁷ Over the same period that density fell in the private sector, moreover, it increased in the public sector, highly unlikely if workers in general had freely decided that unionism was not in their interest. And the 1970s and 1980s were hardly a bellwether period of rapid growth of real wages and living standards.

In sum, the nonconflictual explanations for the decline in unionism in the United States and other countries is inconsistent with international comparisons and detailed within-country evidence.

Conflictual Explanations

My analysis and that of others (Farber 1987; Dickens and Leonard 1985; Goldfield 1987) suggests that the major single cause for the deunionization of the private sector of the United States is to be found on the other side of the ledger: in the behavior of management operating in an institutional setting that allows virulent campaigns against union organizing drives. In the 1980s, the vast majority of firms that faced a National Labor Relations Board representation election (the government-run secret ballot process by which American workers can chose to unionize) sought to forestall unionization in various ways; by aggressive lawful efforts to persuade /pressure workers to reject unions; by committing unfair labor practices that include firing union activists; and by adopting “positive labor relations” that use the carrot of company-created union work conditions, such as seniority and grievance procedures, to deter unionization of their employees. Indicative of the pervasiveness of the corporate antiunion campaign, 45 percent of the

relatively progressive companies in the Conference Board's Personnel Forum declared in 1983 that their main labor goal was to operate "union-free" (Kochan, McKersie, and Chalykoff 1986), a far cry from the 1950s and 1960s when most large firms accepted unions at the workplace. With the exception of one study whose results were reversed in a reanalysis, every investigation with which I am familiar shows management opposition to be a decisive factor in NLRB election outcomes (Freeman 1988). My analyses suggest, moreover, that management opposition is the single most important factor in the downward trend in unionization (Freeman 1986, 1988).

Why has American management declared war on unions? One reason is the increased cost of unionization to firms due to the growth of the union wage premium in the 1970s and greater product market competition due to trade, deregulation and other factors. A second reason is the growth of a market-oriented ideology in which managers view unions solely as an impediment to flexibility and believe that "anything goes" in stopping them. A third reason is that labor laws allow extensive management campaigning against unionization and impose only minimal penalties for illegal antiunion practices. In Canada, where labor law severely limits the opportunity for management to fight unions, in some provinces by certifying unions after card checks rather than after adversarial elections (Weiler 1983), union density has gone from below the levels in the United States to nearly twice the American levels.

Legal and institutional factors also appear to be important in changes in density in the United Kingdom. In the 1970s, density rose with the favorable legislation of the Labor party. In the 1980s, it fell with the unfavorable legislation of the Thatcher government. By contrast, in the closest comparison country, Ireland, laws governing industrial relations did not change and union density trended modestly upward in the 1970s and 1980s (Pelletier 1988).

Countries with Increasing Density

What about countries where union density reached unprecedented peaks in the period under study? Why did unions in Scandinavia and Belgium, in particular, grow so much in the 1970s and maintain high representation in the 1980s?

The conflictual analysis suggests that in those settings management opposition to unionism must be significantly muted and/or that labor laws and institutions limit management's role in determining union status.

The prime factor that mutes management opposition is centralization of wage negotiations. Countries in which unions and management engage in centralized bargaining, so-called neo-corporatist systems, had the greatest increases in density even though they were already highly organized in 1970 (Exhibit IV). In these settings, managements form employers' federations that not only accept unions but often pressure nonunion firms to recognize them also, presumably to assure comparable wages in the labor market. Indicative of management's stance in these countries, none of the Danish businessmen and representatives of the employer federations whom I interviewed in summer 1987, including spokesmen for small businesses, expressed opposition to unions and collective bargaining. The notion that business should engage in a *jihad* for a union-free environment as in the United States was anathema to the Danes, as it is to management in Sweden, Belgium, and most of Western Europe.

In addition to factors that take management out of the organizing process other institutional forces contributed to the increased union density in the countries at the top of Exhibit I. For historical reasons, Belgian, Swedish, and Danish unions distribute government-funded unemployment benefits. In the high unemployment 1980s workers who lost jobs maintained union membership, stabilizing the numerator but not the denominator in the density statistic. The role of unions in delivering unemployment insurance is a key factor in the differing trend in unionization between Belgium and neighboring Netherlands, where unions do not play such a role.

Regression Analysis

To evaluate the quantitative impact of the above factors on changes in union density, I estimated a cross-country time series regression model linking compound annual changes in density to corporatist industrial relations, to union delivery of unemployment benefits interacted with

the unemployment rate, and to three macro variables that are often viewed as affecting unionization: the unemployment rate, inflation, and the growth of gross national product. Because density is bounded between 0 and 1 the calculations use a log odds ratio form as well as a simple linear form:

Dp or $D\ln(p/1-p) = a + b \text{ INF} + c \text{ DUNE} + d \text{ UI} * \text{DUNE} + e \text{ CORP} + d \text{ Z} + u$, where

D = change in variable

p = union density

INF = \ln change in prices

UNE = rate of unemployment

UI = dummy variable if unions deliver unemployment benefits

CORP = dummy variable if country has "corporatist" industrial relations

Z = set of control variables that includes growth of employment and growth of GNP per capita, and the time period covered.

The analysis treats annual changes from 1973 to 1985 in a single pooled sample, with dummy variables for individual years to allow for time effects.

The basic regression estimates, summarized in Exhibit V, show that with other factors held fixed, density grew more in countries with corporatist industrial relations; in countries with rising unemployment when unions deliver unemployment benefits; and where inflation was rapid. By contrast, neither unemployment nor growth of GNP had any discernible impact on density.

The results of Exhibits I-V provide support for the claim that *the institutions that govern labor relations rather than broad-based economic forces determine the changing cross-country pattern of unionism*. Where management has a profit incentive to oppose unions and plays a key role in organizing, as in the United States, density fell. Where management has less incentive to oppose unions, as in corporatist-style economies, or where management is restricted in its ability to influence organizing, as in Canada, density increased or stabilized.

Unions and Union Leadership

“But where is Hamlet? Aren’t unions and their leaders at least partially responsible for declining union densities?”

At first sight there is much to criticize in the 1970s and 1980s performance of unions in the rapidly deunionizing United States. Organizing activity did not keep pace with the growth of the workforce; unions contested fewer NLRB elections annually than in the 1960s; most drives were in existing areas of union strength rather than in growing sectors of the economy (Voos 1983); and the major AFL-CIO effort to enroll new workers, the 1980s Houston Project bombed abysmally. Looked at from the perspective of standard marginal analysis, however, union failure to invest in organizing looks very much like rational optimizing behavior in response to increases in the cost of winning new members. In an environment where management opposition can readily defeat organizing drives, it simply does not pay unions to risk members’ dues on expensive representation campaigns, save for close competitors to currently organized firms. And once density starts dropping, the cost to existing members of unionizing an additional percent of the workforce rises. Finally, while some might blame American unions for the 1970s wage increases that put competitive pressure on employers and stimulated management opposition, American unions were among the first to give wage concessions and stress job security once the employment consequences of the 1970s wage gains became clear.

Still, one aspect of the behavior of unions and their leaders in the period cannot be defended: this is the slow, even sluggish, recognition of the reality and importance of declining density and consequent delayed search for remedies to the problem. In the 1970s many top leaders downplayed falling density on the grounds that absolute membership was stable and that all would be well if only the economy started to boom. Not until the 1985 report, “The Changing Situation of Workers and their Unions” did the top AFL-CIO leadership address seriously the moribund state of the union movement in the private sector. Since then, national unions have been slow to adopt the “evolutionary blueprint” laid out in the Report. While many have signed for union Mastercards with their attractively low rates of interest (McDonald

1987), none has actively pursued the key recommendation to create new forms of membership outside the collective bargaining structure.

The contrast with unions in other countries is striking. In Australia, the Australian Council of Trade Unions (ACTU) sought to transform Australian industrial relations from its historic confrontational British-style system to a Scandinavian corporatist system, in part to preempt growing antiunion management sentiment that might fuel United States or United Kingdom type problems. The secretary-treasurer of the ACTU was doing his best in the mid-1980s to convince constituent unions to accept a national wages accord that required lower settlements than some unions could get. The difference between the American and Australian union responses was forcefully brought home to me at a 1988 Harvard Trade Union Program seminar where Australian unionists mocked as ridiculously inadequate the changes proposed, though often not implemented, by American unions. "Never work, mate." "It's like your beer, piss-poor." were representative comments.

While not as striking as the Australian union effort, the 1987 reorganization of Japanese trade union federations also goes beyond what American unions have initiated at this writing. In Japan, the private sector unions formed a new federation to take the lead in the union movement from the more politicized public sector unions.

Even in the United Kingdom, where the past seems to restrict union thinking and behavior to a greater extent than elsewhere, there have been substantially greater changes than in the United States: the split of the Miners Union; the development of cooperative single plant/single union bargaining strategies by the Electricians and Engineering unions; new efforts to enlist part-time workers by the Boilermakers, among others. And, at this writing, there is talk of the potential break-up of the Trade Union Congress.

Finally, in Scandinavia and Belgium unions have been in the forefront of economic debate on broad macroeconomic issues that unions in the United States rarely address, such as the exchange rate of national currency. American unions lacked the expertise and credibility to be an effective voice against the 1980s overvalued dollar that was a more important determinant of the well-being of members in many industries than any collective bargaining agreement.

What explains the slow and inadequate American union response to the crisis of declining density?

A major factor in my view is the otherwise admirable decentralized structure of the American union movement. In the United States, organized labor consists of some 90 or so independent national unions in the AFL-CIO and others outside the federation. Each national has its own problems and agenda. Each contains hundreds of independent locals with their own concerns. Such a structure concentrates union efforts on local or sectoral rather than national issues, guaranteeing slow reaction to problems that affect unionism in its entirety, and making implementation of reforms suggested by the AFL-CIO leadership problematic at best. Without the career option of moving into government, as in countries with labor parties, American union leadership may turn over too slowly and appears to be more risk averse than suits a crisis period.

New Behavior in a New Environment

The cross-country evidence that economic changes are compatible with high or increasing union density does not mean that unions can operate in the economic environment of the 1980s as they have in the past. To the contrary, the shifts in employment to traditionally less unionized groups, intense product market competition, and continued high unemployment in much of Europe require unions to alter traditional modes of operating in various ways.

The shifts of the workforce requires adjustment in bargaining goals. White-collar workers are often more interested in having a say at the workplace, in job flexibility, fairness in promotions, and the like (the "collective voice" aspects of unionism of *What Do Unions Do?*), than in establishing contractual rules that limit management arbitrariness and abuse of power. Part-time workers want different fringe benefits from full-time workers. Women workers are concerned with pay equity, day care facilities, maternity leave, and obtaining compensation packages that complement those their husbands receive. All this means that unions have to modify traditional demands, as they are doing throughout the West, with varying degrees of success.

Increases in product market competition due to world trade, deregulation, privatization, and international mobility of capital require more significant changes in union behavior. Increased competition raises the elasticity of demand for labor, weakening the ability of unions to bargain for high wages and improved working conditions without loss of jobs. In manufacturing, the growth of world competition means that even 100 percent organization of domestic employers no longer "takes wages out of competition" as it once did in many countries. To improve wages, unions must help create margins for gains either by raising productivity and competitiveness through, say, improved effort at workplaces, bargaining over investment decisions, or innovative wage payments such as profit sharing, or by coordinated bargaining across national lines. In the service sector, by contrast, union strength still depends on organizing domestic workers, so that unions can pursue traditional forms of bargaining and behavior. As a result, the locus of strength within the union movement has begun to shift toward unions in the public sector and services in several countries including the United States, Canada, and United Kingdom while in Sweden and Denmark the white-collar service sector unions have shown an increasing willingness to develop their own economic agenda rather than to follow the lead of blue-collar manufacturing unions.

The persistently high unemployment rates that developed in much of Europe in the 1980s present unions with a different challenge. As expansionary policies risk unsustainable trade imbalances/capital flows when initiated by single countries, and as the central bankers and financiers who dominate economic summits and international policymaking are more concerned with inflation than unemployment, the coordinated expansion needed to attain full employment will require unions in several countries to pressure governments to expand in concert. The development of the Common Market and the American-Canadian free trade agreement increases the necessity for union coordination across national lines.

Unions in Perestroika

“Transmission belt from the Communist Party to the masses
or . . . ?”

Unions have long created conceptual and practical problems for communist societies. In 1921 when the Tenth Soviet Communist Party Congress debated the status of unions, the Worker’s Opposition faction argued that unions should be independent of the Community Party and should manage parts of the economy while Trotsky and Bukharin argued that unions should be subordinate to the Party and state. During the New Economic Policy of the 1920s, unions had considerable independence. But after 1929, Stalin purged the leadership and destroyed any semblance of autonomy. The accession of Communist regimes in Eastern Europe suppressed free unionism in those countries as well, though to differing degrees depending on national contexts. In all cases the authorities selected union leaders, guaranteeing loyalty to the state rather than to workers, used unions to deliver social services such as low-cost vacations, restricted the ability of unions to protect workers on the job by forbidding strikes *de facto* if not *de jure*, and treated unions largely as aids to management in spurring production and controlling labor. Only during rare periods, such as the Prague Spring of 1968 or the Polish protests of 1980, did unions develop that represented workers first and foremost.

Will unions in Communist economies remain subordinate institutions in an era of political and economic reforms or will “glasnost” and “perestroika” lead to a new union role? Was the free and independent operation of Solidarity in 1980/81 an aberration or a harbinger of future labor relations under communism?

My speculative answer to these questions, based in part on limited firsthand knowledge of the Polish situation from a 1987 World Bank mission, is that unions or related worker organizations will achieve increasing independence and play a major role in reforming Communist economies. Solidarity may not be a realistic model for the future of unionism under most Communist regimes, but neither is the “transmission belt” union of the command economy.

I expect increasingly independent unionism to go hand-in-hand with economic reform of Communist economies for three reasons. First, because implementation of reforms requires an enterprise level counterforce to the command economy managers and party functionaries who dominate Communist economies that only autonomous unions can provide. As beneficiaries of a command economy, these managers and officials, Milovan Djilas' "New Class," have much to lose and little to gain from market reforms and will accordingly do all they can to stifle reforms. Even the highest level leaders such as Gorbachev will need allies at the enterprise level to force these officials to change behavior or to change jobs—pressure that can only come from organized workers, either through revitalized official unions or through newly formed independent unions like Solidarnosc that favor economic reform as the only way to improve living standards. Suppressing free unionism, as the Jaruzelski regime did in Poland, will turn even nominally significant market reforms into dead letters, give the bureaucrats and managers a free hand to demand limitations on labor mobility, as they have in Poland and Hungary, and lead the rest of society to dismiss the reforms as sham. Strange as it may seem to conservative economists who regard unions as the archtypical antimarket force, free and independent unions are a prerequisite for more market-oriented behavior in command economies.

The second reason for expecting greater independent activity by workers and unions is that reform communism legitimizes unions carrying out their classical defensive function of protecting workers from increasingly independent management (including management in private enterprises) and creates a new role for them to lobby for workers' interests in a more pluralistic society. Here, the historical record shows that reformist communist regimes accept such worker and union activity, at least within some bounds; in 1987 thousands of Yugoslav workers struck to protest national wages policy without producing police repression (*New York Times*, March 21, 1987); in Poland the official unions have denounced government plans to increase the price of food and fuel and carried out protest strikes, while the outlawed Solidarnosc continues to defend workers at local workplaces and speak up in national debate; in Hungary unions have at times lobbied the central

government for economic policies more favorable to workers, including wage increases and a greater allocation of national product to consumption (Noti, Pravda and Ruble); in the Soviet Union, as noted earlier, unions acted as relatively autonomous organizations during the NEP years. In part, reform communist governments permit official unions some autonomy to give them legitimacy among workers and to forestall truly free and independent unions; in part the governments permit worker protests because they recognize the failure of their command economies and the consequent need to allow some outlet for worker frustrations and anger. Still, whatever the cause, the movement of unions from the transmission belt institution is clear.

The third reason for expecting freer unionism to develop under reform communism is the possibility that such organizations can help spark the individual work effort that is necessary for these economies to advance. My argument here is based on Hirschman's exit-voice analysis, which contrasts two mechanisms for dealing with social problems: the voice mechanism, by which individuals express their desires through political channels; and the exit mechanism, by which they express their desires through market mobility. In the labor market, unions are the institution of voice and quitting is the normal form of exit (Freeman and Medoff 1984). From the perspective of the dichotomy, traditional command economies deprive workers of voice by suppressing free unions and deprive them of exit by restricting employment to state-run enterprises and often by limiting and penalizing mobility among those enterprises. The result is that workers have only one way to express discontent with wages and work relations—by “exiting” the workplace through reductions of effort. While neither the “socialism with a human face” experiment in Czechoslovakia nor free and independent Solidarnosc unionism in Poland lasted long enough to test whether autonomous unions and freer markets can break the “they pretend to pay us, we pretend to work” ethos of labor markets under communism, those experiences seem to offer the greatest promise for creating a productive workforce.

In sum, my speculative analysis is that reform of Communist economies, *if* it is to proceed successfully, will advance hand-in-hand with growing union activity. How independent and free unions will become and with what feedback effects on the societies is likely to dif-

fer among countries. In some cases, Communist leaders may backtrack and suppress unions as a threat to their power, effectively killing reforms, as in Poland. In other cases, the dynamics of reform may be cumulative, as appeared to be occurring in Czechoslovakia prior to the 1968 invasion. At any rate, expect to see increasingly interesting developments on the union front in Communist states in the next decade or so.

Concluding Comments

In their 1964 analysis of labor relations in industrial society, *Industrialism and Industrial Man*, Clark Kerr, John Dunlop, Frederick Harbison, and Charles Meyers argued that the logic of industrialism was producing a convergence in labor relations among countries, while allowing for pluralistic industrialism along some dimensions: "the more we look . . . the more impressed we become with the power of the forces for uniformity." If there is a broad generalization that emerges from the review of the changing patterns of unionism in the world in this essay, it is the opposite: that at the level of labor market institutions examined here labor relations is not converging toward a single institutional mode across countries, nor necessarily toward a stable pattern within countries. In a world of economic and social flux, structuring labor relations should not be viewed as a once-and-for-all process of setting up procedures and institutions. Rather, it is more properly viewed as a process that must be undertaken time and again as changes occur in the balance of power between workers and management and in their conflicting and coinciding interests. There is no rest in the practice or study of industrial relations.

NOTES

1. These figures are from *Ministere du Travail, De L'Emploi et de la Formation Professionnelle, Tableaux Statistiques* (Paris:1986). The data further show that only 9.9 percent of establishments had plant level agreements while 76.9 percent were covered by branch/industry level agreements.

2. I calculated the coefficient of variation for 1985/86 using 1979 densities for Belgium, France, and New Zealand. The average density for the top six countries was

65 percent in 1970 and 79 percent in 1985/86 while the average density for the bottom six countries was 31 percent in 1970 and 30 percent in 1985/86. I calculated the United States and Japanese shares of wage and salary employees using the data from the Center for Labour Economics, OECD Data Set, updated, and with union figures based as much as possible on the U.S. Bureau of Labor Statistics data. The calculation is crude, using figures for the year closest to 1985 for countries with missing data.

3. For example, the rank correlation between working days lost in 1971-82 and density in 1979 is a bare 0.10.

4. OECD data show that the shift of employment out of manufacturing, which adherents to the structural view cite as a key to the decline in United States unionism, was actually larger in OECD Europe than in the United States. See *OECD Historical Statistics* (Paris:1986).

5. In the United States this shows up in the precipitous fall in the number of workers organized through NLRB elections. For the United Kingdom, data from the Workplace Industrial Relations Survey show no change in union representation among the same establishments between 1980 and 1984, which is consistent with the claim in the text but there are too few new establishments to provide a clear test (Millward and Stevens 1986). For Japan, the 88.4 percent of new enterprises in 1985 were nonunion, according to the Japan Institute of Labor.

6. Polls reported by Heckscher (1988, p. 258) show a 33 percent rate of confidence in unions in the U.S. compared to 26 percent in the UK, 32 percent in Italy, and 36 percent in France and Germany. The rise in favorable ratings of unions in the UK is documented in *Financial Times*. Data on approval of unions in the United States are given by Lipset (1986).

7. Because these figures are from two separate surveys, they are not strictly comparable.

EXHIBIT I
Levels and Changes in Union Membership as a Percent
of Nonagricultural Wage and Salary Employees Across Countries
1970-1986

	1970	1979	For the years		
			1985/86	1970-79	1979-86
Countries with sharp rises in density					
Denmark	66	86	95	+20	+9
Finland	56	84	85	+28	+1
Sweden	79	89	96	+10	+7
Belgium	66	77	--	+11	--
Countries w/moderate rises in density					
Italy	39	51	45	+12	-6
Germany	37	42	43	+5	+1
France	22	28	--	+6	--
Switzerland	31	34	33	+3	-1
Canada	32	36	36	+4	0
Australia	52	58	56	+6	-1
New Zealand	43	46	--	+3	--
Ireland	44	49	51	+5	+2
Countries w/stability or decline in density					
Norway	59	60	61	+1	+1
United Kingdom	51	58	51	+7	-7
Austria	64	59	61	-5	+2
Japan	35	32	28	-3	-4
Netherlands	39	43	35	+4	-8
United States	31	25	17	-6	-8

SOURCES: U.S. Department of Labor, Bureau of Labor Statistics, Office of Productivity and Technology, Division of Foreign Labor Statistics and Trade, July 1986; Center for Labour Economics, OECD Data Set; and respective country statistical abstracts.

Exhibit II
Working Days Lost Per 1000 Employees

Country	1964-70	1971-82	1983-85
Australia	286	638	262
Austria*	47	10	--
Belgium*	172	206	--
Canada	704	869	390
Denmark*	31	294	--
Finland	110	605	399
France	140	191	70
Germany	6	45	88
Ireland	893	639	453
Italy	1273	1379	592
Japan	112	98	10
Netherlands*	15	35	--
New Zealand	150	314	486
Norway	12	55	34
Sweden	29	134	9
Switzerland*	4	2	--
United Kingdom	207	514	584
United States	583	18	119

SOURCE: Beggs and Chapman; Table 2, countries with * from Creigh (1986), Table 2.3 1962-71 for 1964-70 and 1972-81 for 1971-82 for countries with *.

Exhibit III
Changes in Union Density by Sector: U.S., Canada and Japan

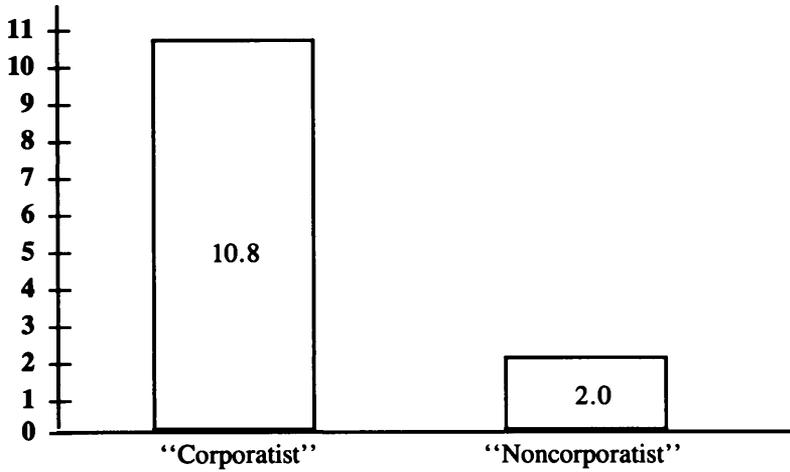
	United States			Canada			Japan		
	1973/5	1986	..	1971	1985	..	1970	1986	..
Total	29	18	-11	32	35	3	35	28	-7
Manufacturing	37	24	-13	42	38	-4	39	34	-5
Construction	38	22	-16	51	48	-3	25	18	-7
Transportation, communication and utilities	50	35	-15	56	53	-3	66	58	-8
Trade	11	7	-4	8	10	2	9	9	0
Service	7	6	-1	15	36	21	24	18	-6
Mining	35	18	-17	56	26	-30	72	53	-19
Finance, insurance and real estate	4	3	1	1	3	2	68	50	-18
Government	24	36	12	62	71	9	71	75	4

SOURCES: U.S.—1973/5: Richard Freeman and James Medoff, "New Estimates of Private Sector Unionism in the United States" *Industrial and Labor Relations Review*, 32:2, January 1979.
1986: from Current Population Survey Tapes.

Canada—1971: W.D. Wood and Pradeep Kumar, "The Current Industrial Relations Scene in Canada: 1977" (Queens University, Kingston, Canada).
1985: Calura Report, Department of Industry, Trade and Commerce, Canada.

Japan—1970: Basic Survey on Trade Unions, Japan Ministry of Labor.
1986: Foreign Labor Trends, Japan.

Exhibit IV
Percentage Point Changes in Union Density, 1970–85/86



SOURCE: Corporatist countries taken from Crouch (1985). (They include: Austria, Denmark, Finland, Netherlands, Norway, Sweden, Switzerland, and West Germany.)

Exhibit V
Impact of Corporatism, Inflation, and Changing Employment
on Annual Growth of Percent Unionized
1973-85

Explanatory variables (mean in parenthesis)	Dependent variables			
	Change in % union (<i>t</i> -statistics in parenthesis)		Change in log odds ratio of % union	
Corporatism (.48)	.005	(2.68)	.038	(3.80)
Inflation (.079)	.065	(2.60)	.409	(2.93)
Change in unemployment (.003)	-.027	(0.20)	-.129	(0.17)
Change in unemployment if unions give benefits (.0008)	.750	(3.58)	6.09	(5.23)
Growth of GNP (.028)	-.054	(1.17)	-.20	(.76)
Time	-.001	(5.29)	-.004	(3.27)
R-squared	.22		.24	
Number of observations		259		259

SOURCE: Calculated from London School of Economics, Center for Labour Economics OECD Data Set. Countries where unions give benefits: Denmark, Belgium and Sweden. Corporate countries, as in Exhibit IV.

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