

FINDING PURPOSE:

Questions for the union movement in a post-industrial world

By Sudhir Sandhu, CEO, Manitoba Building Trades

The rise of unions coincided with the industrial revolution and the emerging conflict between industrialists and urban workers. Industrialization led to large concentrations of workers in mostly urban areas, often working for large industrial employers. The factories were as new as the evolving working relationships between employers and workers. The old system of landlords and serfs was being replaced by the new dynamic of industrialists and factory workers. That the conditions of the working class in 1840s London prompted Charles Dickens to write *A Christmas Carol* speaks for itself.

Industrialization brought a new form of suffering for the working class. The small cottage industries

and agricultural jobs of the past were replaced by factories and machines. Within the new industrial framework, fewer workers were needed to produce the same volume of products. The law of supply and demand being what it is, labour became less valuable compared to machines. Desperation created the incentive to work for any wage, which in turn drove wages down further.

The early decades of the industrial age resulted in densely populated urban neighbourhoods filled with former cottagers and agriculturalists who had swarmed to the new centres of employment in order to survive. Adults and children lived and worked in cramped, unsafe and unsanitary surroundings. Early factory systems

were oppressive, and humans were treated like dispensable machines.

Not surprisingly, these desperate conditions created conflict and discontent for individual workers. But the workers' shared experiences began to foster a common culture and a sense of solidarity. Worsening conditions strengthened their resolve to agitate for better wages and working conditions.

The shared suffering of an entire class of people was an essential ingredient for the rise of the union movement. By the 1820's, the first trade unions had formed in England and America. As leaders emerged to grow the union movement, they did so as representatives of a constituency of suffering masses, held together in

Yellow Vest
protestors in Paris,
France 2018.

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solidarity and by a common culture of protest and greater aspiration.

Their drive for change was a common cause, not an individual pursuit. The very nature and organization of workplaces made it possible for common pursuits to emerge. The shared experience of the large disenfranchised working class was a critical factor in mobilizing large numbers of workers into a mass movement. The legitimate discontent of these masses lent moral and political authority to those who spoke on their behalf.

The essential nature of the conflict was one of wealth and income distribution. Workers wanted a larger share and better conditions while owners wanted to maintain the status quo that generated the most profit for themselves. As history proves, the side with more to lose seldom favours a change. Furthermore, change is necessarily the result of either prolonged struggles or violent but cathartic revolutions. The South African freedom struggle attests to the former while the French revolution stands as evidence of the latter.

For workers and the leaders of the union movement, the struggle turned out to be a tough, slow slog, periodically punctuated by violent strikes and protests across England, America and Canada. The protest movement was driven by multiple perspectives and goals; some sought social and economic equity, while others hoped for a revolution.

Anti-union groups who opposed the protests were equally divided. Some simply sought to temper demands or defer the changes to a future date while others saw the rising tide of protests as an existential societal threat that needed to be crushed at any cost. Favoring the latter would result in lost lives at confrontations like Colorado's Ludlow Massacre and Winnipeg's General Strike.



About 5000 teachers and education workers gathered outside the provincial legislature at Queens Park on Aug. 28, 2012 to protest against a controversial bill that would impose wage freezes on Ontario teachers.

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THE AGE OF SOLIDARITY

Slowly, labour unions gained enough social and political influence to achieve significant change. Wages improved as did working conditions for millions of workers in many countries across the world. Most importantly, unions won the right to bargain collectively; a right that helped to balance a previously one-sided power dynamic between workers and employers.

Unions leveraged their power to achieve gains such as the forty-hour workweek, holiday pay, health and welfare benefits, maternity and parental leave, overtime pay and workplace health and safety laws. The gains never came easily. It often took a confrontational exercise of economic power and a judicious use of political capital. At their height, unions represented over thirty-five percent of all workers in America and Canada.

The relationship with employers remained adversarial, and exercising power continued to take the form of strikes and lockouts. Wages and benefits were often gained or lost through

these inherently confrontational events. The need for conflict was understood and accepted because its causes were still close enough to the lifetimes of many workers. Equally importantly, the continuation of a shared and common workplace culture made it easy for workers to mobilize and agitate in support of common goals.

WHEN THINGS BEGAN TO CHANGE

But that would gradually change. Conflict could only continue to be an effective instrument if union members and the working class remembered the origin of such conflict. As Aldous Huxley predicted, time would begin to separate those who fought for changes and those who enjoyed the benefits of change without a personal connection to the struggle. As personal connections diffused over time, so did the perceived value of conflict and the desire to maintain solidarity when needed.

Starting in the early 1970s, competitive forces began to disrupt heavily unionized industries. First, there was

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deregulation in industries such as telecommunications and transportation. Industrial restructuring followed, as large oligopolistic industries were broken up into smaller entities. Lastly, the sudden and unprecedented influx of imported goods exposed workers to stiff price competition. These factors combined to push wages and benefits downward as concession bargaining became the response to job losses. Accepting wage cuts and reduced benefits did not prove

sufficient to head off the decline, and union density continued to wane.

Between 1975 and 1985, America lost over five million union jobs. And once Ronald Reagan's anti-union administration was finished, union density in America had dropped to 17 percent; less than half its peak in the mid 1950s. For Canadian workers, the declines were not as dramatic, but they were still significant. Union density declined from 38% in the early 1980s to 30% by the mid

1990s. Canada's manufacturing sector in particular, was not immune to the competitive forces that had gutted the American union workforce. In both countries, the public sector is now the last stronghold of unionization. And in both, public sector unionization is under attack.


Throughout the first decade of the new millennium, multiple American states enacted 'right to work' legislation. Following suit, Canada introduced bills C-377 and C-525 that were similar in impact to the initiatives in the US. While Canada repealed the restrictive legislation after the government changed in 2015, unions continue to feel the impact of similar legislation in many American states. The diminishing political influence followed the loss of economic power held by unions. It turns out the political relevance of unions was simply a by-product of their economic clout.

The heady days of unions are now in the past. There is no sign that they will regain the power they once wielded. The hard-earned rights, the ones gained through protest, struggle and sacrifice, cannot be seen as permanent. They are in decline, as are wages and benefits. Unions that previously acted as an effective counterweight against excessive economic strength of employers have now become ineffectual. The struggle for the hearts and minds of workers is now greater than the struggle for fairness and equity.

BUT DO UNIONS STILL MATTER?

How have unions responded to their decline and in particular, what are the suggested remedies? Many say the solution lies in more aggressive and sustained organizing activities. Others point to the 'lack of caring' amongst the millennial workers and recommend campaigns to educate them about the struggle for benefits taken for granted in today's workplace.

Unions are also attempting to use their remaining political influence




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to lobby for favourable legislative measures or to repeal legislation that restricts unionization. Each of these measures will make a difference. But will they prove effective as solutions? More importantly, what 'problem' are these solutions seeking to solve?

Einstein stated that if given one hour to solve a problem, he would spend fifty-five minutes on understanding the problem and use the remaining five to design a solution. In contemplating the problems modern unions seek to solve, perhaps those problems need to be better understood.

That unions are in decline is a given fact. But what are the causes and consequences of declining union density? From a socio-economic perspective, does it even matter that union density is falling? Should we care or just take this as a natural consequence of our evolving economy? Are there material and compelling economic consequences of declining unionization that should give us cause for concern and for action?

Let's consider the economic case for unions. Their decline has been accompanied by increasing wealth concentration which in turn has been hampering economic growth. So much so that free market stalwarts like the IMF and the OECD have been raising the alarm about declining union density. These two institutions that championed free markets, free trade and deregulation, are now saying we've gone too far.

While a decline in union density is not suggested as a causal factor, it

That unions are in decline is a given fact. But what are the causes and consequences of declining union density?

is almost perfectly and negatively correlated. As union rates fell, more wealth was concentrated in the hands of top earners while the economic status of middle and lower economic classes stayed flat or declined in real terms.

In 2015, the IMF said, "Evidence strongly indicates that de-unionization is associated with rising top earners' income shares." The IMF goes on to suggest that declining union density has tipped the balance too far in favour of employers and that this is the ultimate cause of increasing wealth concentration.

A year later, the OECD found "that countries where income inequality is decreasing grow faster than those with rising inequality." It found that the US and UK economies lost anywhere from 6 to 9 percentage points of growth due to increasing wealth concentration. For multi-trillion-dollar economies, that is an astronomical loss.

The OECD published another astonishing finding. Its data made an unequivocal case that progressive taxation policies were neutral in their economic impact. That is, imposing

higher taxes on the rich did not lead to slower growth and claims that higher taxes for the rich would cause economic calamity were not true.

IMF and OECD data demonstrates that economies that support unions and employ progressive taxation strategies have outperformed economies that pursue policies such as those advocated by the likes of Reagan and Thatcher since the 1980s. From a macroeconomic perspective, the resulting problems can be defined as follows:

1. The decline of unions is strongly and demonstrably correlated with declining living standards and lower economic output in several industrialized nations.

The trickle down, lower taxation systems deployed since the 1980s have also coincided with the massive industrial restructuring that started in the mid 1970s. Large scale industrial plants were decimated by downsizing and offshore transfers of manufacturing capacity. As large workplaces were shuttered, their former workers lost more than their careers and living standards.

These workers also lost the shared experience and common culture that was the source of their power and influence. As temporary and part-time jobs in smaller workplaces became the norm, the collective strength derived from being part of a large workplace, diminished. As workers were scattered into smaller units with less permanent employment,



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unions found it increasingly difficult to organize and mobilize workers for collective action.

To make matters worse, this period was also punctuated with concession bargaining as efforts shifted from making wage and benefit gains to saving jobs. With the loss of larger industrial plant work units, unions experienced diminishing economies of scale. On the heels of plant closures and offshoring came increased automation. It has been a steady, downward spiral of structural and cultural change. Collective action and mobilization have become an empty concept in the absence of a collective. This has resulted in a second, socio-cultural problem defined as follows:

2. Industrial restructuring has created smaller, less permanent work units lacking common cultural factors, making it more difficult for workers to organize and exercise collective power through unions.

Understanding the two-part problem helps focus attention on the real impacts of declining union density. With fewer workers having the ability to exert influence through the collective bargaining and mobilization that unions facilitated, income and wealth disparity has risen. Loss of economic strength and changes in industrial structures have greatly reduced workers' ability to forge a common culture and coalesce around workplace issues.

Large industrial workplaces are mostly a relic of the past, as is long-term employment with one employer. Transiency and precarious employment masquerade as 'flexibility'. Neither workers nor employers are willing to forge permanent relationships as the 'on-demand economy' unfolds. And more seismic changes are on the way as automation and technology disruptions evolve.

Loss of economic power followed by a complete cultural makeover of the industrial workplace made the decline in unionization inevitable.

One thing is clear, the factors that made unions effective means to address social and economic inequalities at the dawn of the industrial age, are not present in the post-industrial age.

Globalization and automation deprived unions of their economic influence and reduced their political power.

Economic outcomes confirm the conclusion that declining union density is having undesirable consequences. The emergence of an increasingly automated, on-demand economy suggests traditional unionization is culturally and logistically incompatible with a post-industrial economy.

Today we see that these economic outcomes are driving social unrest

and unpredictability across the industrialized world. From Europe to the Americas, disaffected, angry citizens are lashing out in ways reminiscent of earlier times in history when similar sentiments unleashed global conflicts. Inequality and inequity only serve to erode democracy and trust in its institutions. That erosion carries economic risks. The market, as it is often noted, dies by uncertainty.

A NEW RELATIONSHIP IN A NEW MILLENNIUM

For unions and workers, this poses a difficult challenge. Workers in the post-industrial economy need representation and new ways of pooling their individual economic force to achieve something greater than the sum of individual parts. For unions, this means finding new ways to bring smaller groups of temporary, precarious and on-demand workers together to pursue a common purpose.

One thing is clear, the factors that made unions an effective means to address social and economic



Photo of the crowd participating in the Right-to-Work Protest on 11 December 2012 at the Capitol in Lansing, Michigan.

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inequities at the dawn of the industrial age, are not present in the post-industrial age. When unions first gained influence, it was grounded in economic leverage. Unions served the interests of workers by bringing the power of the individual into an exercise of solidarity. Solidarity and collective action forced changes to the economic status quo.

Present day industrial structures have rendered the notion of workplace and union solidarity moot. Unlike the suffering masses of the early twentieth century, there are no similar concentrations of workers to be mobilized in solidarity. Since the start of the slow industrial decay in the mid 1970s, labour has not mobilized on the scale of protest evident in the civil rights movement, anti-Vietnam war protests or labour's own sustained effort at the turn of the last century. If we accept that unions are still necessary to act as a counterweight against excessive concentrations of economic power, income, and wealth, then how should they adapt to this new economic paradigm?

It is not the case that millennial workers are not mobilizing; they are, but differently than they did in the past. Occupy Wall Street was an organic, leaderless phenomenon that mobilized people to action. Its spread across the US and stood in stark contrast to any suggestion that people no longer cared to be involved. Similarly, the Fast Food Forward movement brought low wage workers out to fight for a \$15 minimum wage and the right to join unions. While the Fast Food Forward movement was supported by the Service International Union, Occupy Wall Street had minimal union support. In retrospect, these may have been critical opportunities for unions to engage workers on issues that really mattered. As workers continued to mobilize, unions did not join them on the frontlines.

Between 2012 and 2015, millions of low wage workers held rotating strikes



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in over 200 American cities. These protests were not for or by union members defending existing rights. They were workers on the margins of the economy seeking living wages and the right to organize. These protests have resulted in \$15 minimum wage laws in multiple American cities. In Canada, BC, Alberta and Ontario have passed laws to raise the minimum wage to \$15 per hour, although Ontario recently froze the rate at \$14 per hour.

In Winnipeg, a group of workers spoke out against workplace harassment and poor treatment at the popular Stella's restaurant chain. The very organic worker-led social media campaign resulted in significant changes in management and restaurant policies. More importantly, within weeks of launching the campaign, two of Stella's eight locations became unionized. More locations may follow suit.

At the genesis of the labour movement, the workplace was the battle ground. The issues were discrete as was the setting. Workers were conveniently concentrated for mobilization, and they shared common interests. In the twenty-first century, the issues are more diverse, and the battleground has shifted away from the workplace. The economic system now heavily favours the economic elites. Being relevant in that setting requires a much deeper and different form of engagement.

As evidenced by modern protest movements like Occupy, citizens



Stella's workers have voted to unionize in the wake of harassment allegations. Winnipeg, Manitoba 2018.

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are very aware of the unequal and inequitable economic outcomes in today's society. They are also willing to mobilize for change. So far, unions have been slow to play a role in this emerging form of protest that is not workplace bound. It is larger and intended to level the bigger playing field. The problem is no longer unfair treatment by employers, the system itself is broken. In addition to the fight for economic fairness being waged by workers, some larger entity needs to step up to help repair the damage to democracy and its institutions.

The union movement and its leaders have come to be seen as part of

the establishment that left far too many people behind. That is not an unfair charge; unions are seen as more absorbed with exercising political influence than attending to the economic realities faced by their declining membership. Changing that well-founded perception will require unions to shed their exclusive domain in the workplace and come out to the street to join those who have already engaged. There, on the streets, unions will find new currency, forge new relationships and find greater purpose to serve a constituency that badly needs their help.

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