

LABOUR UNIONS : FAILING TO COPE WITH STRUCTURAL CHANGE

Globalisation, structural change, individualism as well as new information and communication technologies have fundamentally changed the environment for labour unions. Teleworkers, part-timers and service workers in general are not as easily unionised as were the coal miners or steel workers. Are labour unions doomed to go the way of the dinosaur? Union membership is declining almost everywhere, their influence is waning. In many countries, unions are organising more retirees and unemployed than active workers.

The degree of unionisation (union membership as a percentage of the total labour force) has declined in many countries. It has halved, since the 1960s, in Germany to 29.1 percent, in France to 10.5 percent, in the United States to 14.8 percent and in the Netherlands to 24.5 percent (see Hagen Lesch, "Gewerkschaftlicher Organisationsgrad im internationalen Vergleich," *iw-trends* 2/2004).

Not everywhere is the situation so dismal. In several countries the degree of unionisation has even increased, so in Sweden from 66.4 percent to 85.9 percent, in Finland from 40 percent to 77.2 percent, in Denmark from 61.3 percent to 76.6 percent, in Belgium from 40.6 percent to 53.1 percent, and in

Canada from 27 percent to 31.8 percent. These countries have been able to induce women, white collar workers and part-timers to join the classic male blue-collar union members.

But structural change has hit all countries. Since the 1970s, the share of industry employees in total employment has declined, by 15 percentage points in Switzerland, by nearly 12 percentage points in France and the Netherlands, by 9 percentage points in Germany and 3 percentage points in Japan. And to almost the same extent did union membership decline. Resistant to structural change were only the so-called Gent countries: Belgium, Denmark, Finland, Norway and Sweden. In these countries unionisation increased despite the general decline in the share of industry. There are two reasons:

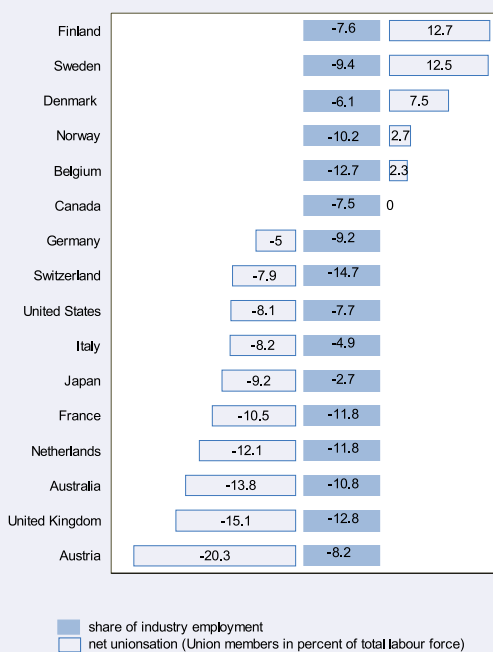
- *Institutional factors.* Whereas in most OECD countries unemployment insurance was introduced before World War II, a group of countries left this to the labour unions. Denmark, Finland and Sweden have maintained this to this very day. Belgium, where in 1901 the first voluntary, union organised unemployment insurance had been introduced (hence the Gent countries), has a mixed system. Membership is mandatory, but unions are involved in the organisation.

Unemployment insurance induces people to join a labour union. Firstly, unions can make eligibility for unemployment compensation difficult for non-members. And secondly, unions decide about reasonableness criteria, i.e. which jobs an unemployed person may reject without losing his claim to unemployment compensation. Thus it makes sense to combine voluntary unemployment insurance with union membership.

- *Service workers.* In the Gent countries, the unions have found strong support in the service sector. Thus in Sweden three out of four full-time employees in the service sector are unionised; in Norway the figure is still 60 percent. In Germany, in contrast, only 10 percent of the employees of such classic service industries like commerce or banking are unionised. The strong standing of the unions in the Scandinavian service industry may be due to the fact that white collar workers are increasingly interested in the unemployment insurance that is organised by the unions. Thus in Scandinavia, an above average share of women and part-time workers is unionised. At 86 percent, net unionisation of women in Sweden is even higher than that of men at 79 percent. In comparison, in Germany the figures are 18 and 31 percent respectively. And whereas, at 70 percent, as many part-time workers are unionised as men in Sweden, in Germany, less than 10 percent of part-timers have a union card.

H.C.S.

BUT UNIONISATION INCREASES
IN THE GENT COUNTRIES
Change from 1971-1980 to 1991-2000



Source: Cologne Institute of Business Research.