



# Unions and Democracy

Christopher Schenk





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# Introduction

IT IS WELL known that unions and collective bargaining allow workers to achieve gradual progress in the areas of compensation, working conditions, and other “economic” issues. But unions also play a deeper role in enhancing the level of democracy, inclusion and participation in society as a whole. This effect is experienced both within the workplace, and in broader social and democratic processes. And unions exert this positive influence both directly through their own internal activities and functions (collective bargaining, internal elections, etc.), but also indirectly through their impact on the level of inclusion, protection, and participation in society as a whole. International evidence indicates that societies with stronger unions and collective bargaining systems, also demonstrate greater degrees of equality and inclusion, and stronger democratic participation. This paper will briefly review these various dimensions of unions’ positive influence on the extent and quality of democracy.

# Unions and Democracy in the Workplace

WORKING PEOPLE HAVE two basic mechanisms for expressing dissatisfaction with their situation in the workplace. The first involves the “classic market mechanism of exit-and-entry” (Hirschman, 1971), wherein individuals exercise their freedom of choice to either accept a situation or vacate it. Just as a dissatisfied consumer can change products or service providers, a dissatisfied worker can theoretically refuse a bad job in favour of a more desirable one. In the labour market, says Hirschman, exit is synonymous with quitting, and entry with new company hires. Larger entities (such as large corporations, governments, or public agencies) can enhance this exit-and-entry option by providing the ability to transfer from one department to another instead of quitting altogether.

A second mechanism is what Hirschman refers to as “voice.” Voice in this situation refers to participation in a democratic process through discussion, voting, union elections and negotiation. Participation and success in these activities tends to narrow the gap between the actual and the desired situations. In both the private and public job markets, voice entails discussing or bargaining with an employer about conditions one feels need to be changed or improved, rather than quitting and going elsewhere. In today’s market economy, particularly in large enterprises, trade unions are a unique vehicle for democratic voice. They represent a collective voice rather than an individual one. This is more effective for address-

ing employee concerns for several reasons. First, many workplace issues affect the whole workforce, not just one individual: such as safety conditions, pensions, the promotion process, benefits, wage levels, etc. It is more efficient for these broader concerns to be addressed through collective (rather than individual) voice, since the “cost” (procedural inconvenience, etc.) of raising the concern is now weighted against the benefits that many workers will enjoy from its successful resolution. Second, individuals often fear job loss if they speak up on their own. A collective voice (in the context of adequate job security measures) allows concerns to be raised without fear of retaliation. In addition, collective representation strengthens the position of all members and their issues by enabling a more equitable playing field, and the working of this “collective voice” is generally protected by labour law.

By enabling a collective voice unions also alter the social relations within the workplace. The essence of the employment relationship in modern industrial societies, whether in the public sector or the private sector, consists of workers selling their ability (qualifications, skill, experience) to work for payment from an employer, with the employer maintaining control over the work process and the employees’ time. The employer seeks to utilize the employees’ skill and ability in a manner that both produces a needed product and maximizes the profitability and/or efficiency of the operation. While the employer ultimately determines the way in which an employee’s time and ability is allocated, there is necessarily some interaction between the employer and the worker. In non-union workplaces this interaction at most enables only a very limited ability by workers to respond to the employers’ directives – including directives that the employee may feel are unfair or incorrect. Should solutions to these concerns not be found, the employee may decide that she or he must either live with the employer’s directives or quit. Either of these outcomes is sub-optimal, if the goal is to ensure a fulfilling, respectful, and productive work life.

By contrast, unionized workplaces offer employees more power to mitigate managerial authority by offering members some protection and “voice” through labour relations jurisprudence. The grievance and arbitration system, for example, wherein disputes over proper managerial decision-making can be resolved in an open and reasonable manner, can be utilized. This results in a situation where workers’ input and rights are far more likely to be resolved and enforced. As Freeman and Medoff (1984:11) note: “Economic theorists of all persuasions have increasingly recognized that the unions’ ability to enforce labour agreements, particularly those with deferred claims,

creates the possibility for improved labour contracts and arrangements and higher economic efficiency.”

Unions offer management through collective bargaining a critical opportunity to learn about the concerns of employees and thereby improve the operation of the workplace. Hence, in most cases, unions are associated with improved efficiency and higher levels of productivity. Indeed, Freeman and Medoff (1984:11) insist that focusing only on the economic activity of unions (that is, their ability to improve compensation and working conditions through collective bargaining) leads to an inaccurate representation of the role unions play in a democratic society. The alternative perspective, the “voice/response” function of unions, enables a more realistic and well-rounded understanding of what unions actually do, and the processes that allow them to have this positive impact.

Of course, no workplace – even a unionized one – is a perfect or complete democracy. After all, in the private sector it is the owners of the workplace and the top managers they hire that make the majority of decisions, even where their employees are unionized. All collective agreements contain a “management’s rights” clause affirming the employer’s right to do as it wishes except for the specified issues where the collective agreement provides for alternative decision-making procedures. Public sector workplaces, no matter how benevolent management may be, also tend to be directed from the top down, and the provisions of union contracts only moderate (not eliminate) management’s authority.

The workings of the democratic structures and processes integrally associated with unionization and collective bargaining constitute another important dimension of democracy in the workplace. For example, voting to ratify or reject a contract that determines one’s wages, benefits and working conditions is a significant and fundamentally democratic act – one that provides working people with a greater sense of participation and control in their work lives. The same is true of electing a bargaining team to negotiate a new collective agreement based on the issues members voted on, as well as electing the leaders of the local union. The ability to grieve alleged violations of the collective agreement and resolve issues of due process is also important. Collective agreements and due process help protect members against arbitrary decisions and work rules, unfair termination, challenge discrimination on the basis of gender or colour, promote equal pay for similar work, oppose unfair treatment, and more. The opportunities for participation provided to workers through union membership and collective bargaining are an important way to ensure they have input to workplace



matters that affect them, and have productive and efficient ways to express their dissatisfaction (instead of letting those grievances build up, often boiling over in less productive expressions of anger).

To note the opportunities for democratic participation on such important issues does not mean that everyone avails themselves of such opportunities anymore than the right to vote for governments means that everyone votes. In addition: “Meaningful democracy,” say Kumar and Schenk (2006:51) in *Paths to Union Renewal*, “is about more than elections every two years” it is also about membership engagement and “decision-making on the issues that affect their daily lives and thereby expanding their political education, developing their capacities, and thus their confidence in themselves and their collective power as workers.”

# Unions and Democracy in Society

OVER THE DECADES, labour movements in Canada and many other countries have been front and centre in the fight for democratic freedoms and practices in society, as well as in the workplace. With the support of the labour movement, in 1972 Canada signed the ILO's Convention 87, which recognizes freedom of association and the right of workers to organize unions as fundamental human rights. Labour rights are seen quite correctly as a key component of human rights – and trade unions have been the most determined and consistent defenders of these fundamental freedoms ever since, even in the face of repeated interventions by Canadian governments (federal and provincial) which limited or suspended these rights.

A recent report by the International Labour Organization (2008) found that higher rates of unionization tended to be associated with a stronger range of social rights beyond the workplace. Some of the dimensions of this broader social and democratic impact associated with stronger unions include progressive taxation, stronger income security programs, and stronger labour laws. Given the emphasis that unions in all countries place on campaigning for social and economic policies that protect working people in all areas of their lives, this association between stronger unions and better social protections is not surprising.

Across Canada unions historically led the fight for the eight-hour workday, better employment and labour standards, training and income support

for the unemployed, public pensions (including the Canada Pension Plan), workplace health and safety laws, minimum wages, services and benefits for injured workers, and parental and maternity benefits. In every case, these achievements have become common social rights extended to everyone, not only to union members. Thus unions serve as an important democratic voice for all working people. Without that voice (and the research, communications, and advocacy which unions can bring to bear on these issues), that forward progress in basic social and labour standards would not have been possible.

But in addition to helping to shape more progressive and inclusive policies, unions also play a meaningful role in ensuring that those policies are adequately implemented and enforced. For example, most developed countries (including Canada) have seemingly strong legal protections regarding health and safety practices, minimum employment standards, and other key determinants of the quality of work life. However, there is never a guarantee that those laws are actually enforced (especially in private-sector workplaces). Unions have been shown to be strongly associated with better enforcement of laws and standards that are supposed to apply to all workers – but that would exist only on paper were it not for the ongoing efforts of unions to expose abuses and strengthen employment protections (see Tucker-Simmons, 2013). In this regard, unions help to enforce the rule of law, a fundamental dimension of any democracy.

Finally, unions can also directly enhance the level of participation of their own members in broader democratic life, for many reasons. Unions help to educate working people about the broader issues (including economic and social policy debates) that affect them. Unions encourage participation by their members in broader community life, including political campaigns and elections. Participation in collective bargaining and other union activities gives working people a greater sense of confidence regarding their ability to speak out and be heard. For all these reasons, international and comparative evidence shows that democratic participation by union members (including voting in elections) is significantly higher for union members than for non-members, after controlling for other explanatory factors. This effect is especially strong for working people with otherwise “lower” levels of socio-economic status (see Kerrissey and Schofer, 2013).

# Inequality and Democracy

INEQUALITY “WORKS ITS way into all...dimensions of human experience” notes economist Yalnizyan (2008:3). “Simply put,” says Lynk (2009:20), “more unequal societies tend to produce greater levels of dysfunction.” As more and more economic wealth is concentrated in fewer and fewer hands, so is political power: the power to influence public opinion, legislative agendas, and government policy. For those at the lower rungs on the ladder, this growing gap translates into inequality of economic opportunity, inferior health outcomes, inadequate housing, poor diet, less readiness to learn, higher levels of mental illness and crime, reduced productivity, and ultimately to shorter lifespan (ILO, 2008; Wilkinson & Pickett, 2009). These negative outcomes correspond to less civic engagement, less social stability, and lower economic growth. Should this trend to increased inequality be allowed to exacerbate, it will imply both increased human suffering and an enormous waste of “human capital” that could otherwise contribute to the common good.

The ongoing rise of inequality in many industrialized countries has occasioned a renewed interest in the subject. Research into the causes of growing inequality has identified the erosion of union density and collective bargaining coverage as a key determinant of this growing gap. For example, the two countries with the largest declines in unionization since the 1970s are the United States and the United Kingdom. These two countries have also

experienced the largest increase in wage inequality, raising again the question of the linkage between inequality and unionization. David Card, Thomas Lemieux and Craig Riddell have made a very thorough contribution on this issue, examining developments not only in the U. S. and the U.K., but also Canada. Their findings concur with Freeman’s earlier work, namely, “that, overall, unions tend to reduce wage inequality among men because the inequality-increasing ‘between-sector’ effect is smaller than the dispersion-reducing ‘within-sector’ effect.” (Card et al, 2004:24). Thus the authors find that unions have an equalizing effect on the dispersion of wages across skill groups in all three countries. They attribute approximately 15% of Canada’s growth in inequality during the 1980s and ‘90s to declining unionization. In the U.S. and the U.K., where more dramatic union declines occurred, they attribute over a 20% rise in inequality due to lower rates of unionization, usually in turn the result of manufacturing closures.

A recent edition of the International Labour Organization’s *World of Work Report* (ILO 2008) provided a comprehensive study of fifty-one countries and documented a clear and positive correlation between unionization and income equality. The countries in which income inequality was on average lower tended to be those that had a higher union density rate; vice versa, the countries with high income inequality tended to have a lower unionization rate. Also Bruce Weston and Jake Rosenfeld, writing in the *American Sociological Review* (ASA) (August, 2011), found that the plunge in unionization in the U.S. accounts for approximately a fifth of the increase in hourly wage inequality among women and about a third among men. Author Bruce Weston, interviewed by ASA, held that their study “underscores the role of unions as an equalizing force in the labour market.”

In summary, it is clear that at the macroeconomic level, unions tend to lift up the lower economic levels, spread out and expand the middle levels, and reduce the concentration of wealth at the top. This effect is experienced both through unions’ direct influence on compensation patterns (through collective bargaining), but also through their indirect influence on broader economic and social policies (such as advocating for higher minimum wages and other pro-employee measures). At the micro level, meanwhile, the pro-equality impacts of unions are also very strong, through their demonstrated effect in compressing wage scales within individual workplaces.

By reducing inequality and enhancing social inclusion, unions play an additional important function in enhancing modern democracy – beyond their direct value as democratic institutions in their own right, that allow working people more opportunities to engage and influence their own lives.

A growing body of international research indicates that rising inequality is closely associated with declining social, community, and democratic participation (Rothstein, 2011; Himelfarb, 2013). This association reflects the negative impact of poverty for those at the bottom on literacy, community engagement, and self-worth, as well as the impact of wealth concentration on such factors as control over the media. In the words of Solt (2008, p. 48), “Income inequality powerfully depresses political interest, the frequency of political discussion, and participation in elections among all but the most affluent quintile of citizens.” In this manner, unions play an increasingly important democratic function by moderating the trend toward growing inequality that is visible across many industrialized countries, and hence providing average working people with the economic and institutional power to participate more fully in democratic life.

# Conclusion

UNIONS AND COLLECTIVE bargaining have an influence on society that extends far beyond the collective bargaining table, where immediate decisions are made regarding compensation, working conditions, and other day-to-day features of work life. By providing a unique opportunity for democratic participation, unions demonstrably lift the degree of engagement and participation of their members in all spheres of life: the workplace, the community, and in political life more generally. Unions provide the only consistent collective voice for working people, both in the workplace and more generally in society. They help to shape government laws and policies so that working people enjoy greater security and protection – and then they help to ensure that those laws are meaningfully enforced. International evidence indicates clearly that unions are positively associated with equality, inclusion, and participation. In this context, government policies which restrict union membership and collective bargaining opportunities will have a broad negative influence: not just on particular workers who will as a result lose the ability to achieve better compensation and working conditions, but on the functioning of our entire society.

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