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HOW ARE UNIONS FARING IN TODAY’S ECONOMY?

The month of September heralds Labour Day, making it an opportune time to review the place of trade unions in today’s increasingly complex economy. Trade unions remain an important factor in British Columbia. But their influence is waning, particularly in the private sector. This is starkly evident in the data on “union density” – the share of all workers who belong to a trade union. Falling union density is a well-established trend in British Columbia and other provinces, as well as in the United States. In 2006, 30.2 per cent of paid employees in BC were unionized. By 2009, the share had fallen to 29.1 per cent.

The above figures are based on a specific definition of union density: union members as a proportion of all paid employees. Because some workers covered by collective agreements are not actually union members, *union coverage* is slightly higher than *union density*. Union coverage in BC stood at 30.6 per cent in 2009, 1.5 percentage points higher than union density (Table 1).

While overall union density/coverage continues to decline, the pattern will differ greatly by industry sector. For example, in BC union coverage is higher in the service sector (32%) than in the goods sector

(27%). And public sector workers are far more likely to be unionized than those who toil in the business sector. In fact, the broad public sector hosts some of the most heavily unionized “industries,” such as public administration, educational services, and health care and social assistance. Table 1 provides data on union coverage by industry in British Columbia.

In the BC private sector, the most heavily unionized industries are utilities, transportation and mining/oil and gas extraction. Industries in which unions have a notably weak presence include accommodation and food services, agriculture, finance, and professional, scientific, and technical services. Union coverage in the diverse manufacturing sector is

<i>Average</i>	31%
Public Administration & Defense	71%
Utilities	69%
Educational Services	68%
Health Care & Social Assistance	58%
Transportation & Warehousing	50%
Mining, Oil & Gas Extraction	36%
Manufacturing	29%
Information, Culture & Recreation	27%
Construction	21%
Business, Building & Other Support Services	18%
Wholesale & Retail Trade	17%
Finance, Insurance, Real Estate & Leasing	15%
Accommodation & Food Services	8%
Agriculture	5%
Professional, Scientific & Technical Services	5%

Source: BC Stats.



Table 2
Top Ten Unions in British Columbia

Rank 2009	Union	Membership 2009
1	Canadian Union of Public Employees (CUPE)	80,000
2	BC Government and Service Employees' Union (BCGEU)	61,000
3	BC Teachers' Federation (BCTF)	41,000
4	United Steelworkers (USW)	37,000
5	United Food & Commercial Workers' International Union (UFCW)	36,000
6	BC Nurses' Union (BCNU)	26,000
6	National Automobile, Aerospace & Transportation and General Workers Union of Canada (CAW)	26,000
8	International Brotherhood of Teamsters	20,000
9	Communications, Energy and Paper Workers Union of Canada (CEP)	15,000
10	Public Service Alliance of Canada	14,000

slightly below the all-industry average. And in construction, trade unions continue to lose “market share,” with union coverage dwindling over time to just 21% by 2009.

That the public sector is looming larger in BC's union movement is also clear from looking at the biggest unions ranked by number of members. Table 2 reveals that the Canadian Union of Public Employees, the BC Government Employees Union, and the BC Teachers Federation are

the top three. Two other public sector unions are also in the top ten – the BC Nurses Union and the Public Service Alliance of Canada. The largest union with a primarily private sector membership is the United Steelworkers, closely followed by the United Food & Commercial Workers.

The Overall Canadian Picture

Union density in British Columbia today is actually a bit lower than the Canadian average: 29.1 per cent versus 29.5 per cent; see Table 3. This is a reversal of the situation that prevailed from the early 1950s to the late 1990s, when workers in BC were more likely to belong to a union than their counterparts in Canada as a whole.

Provinces with high levels of union density include Quebec, Newfoundland and Labrador, Manitoba, and Saskatchewan. Alberta and New Brunswick have substantially lower levels of unionization. Quantitatively, British Columbia has the third largest number of employees covered by collective agreements, following Quebec (1,305,700) and Ontario (1,518,000). Lastly, British Columbia has a slightly more unionized public sector and a less unionized private sector than the national average.

Table 3
Canadian Union Density (2009)

	<u>% Total</u>
<i>Canada</i>	29.5
Nfld & Labrador	37.5
Quebec	36.5
Manitoba	35.4
Saskatchewan	34.3
Prince Edward Island	30.1
Nova Scotia	29.5
British Columbia	29.1
New Brunswick	27.7
Ontario	26.4
Alberta	22.9

Source: Statistics Canada.



Where does Canada stand compared to other advanced countries in the overall economic influence of trade unions? Table 4, drawn from data collected by the Organization for Economic Cooperation and Development (OECD), provides some relevant information. It reveals that Canada is in the middle of the pack within the OECD on union density. By this measure, unions are weakest in France, South Korea, the US, Japan and Australia; while their clout is greatest in northern European countries such as Sweden, Finland, Denmark, and Norway. The low union density in France is something of an anomaly, as government policies in France have the effect of extending the basic terms of collective agreements to non-unionized firms and sectors.

What Lies Ahead

Several factors help to explain the long-term decline in unionization. First, cross-national evidence highlights the fact that unions are less common in smaller establishments, and also in industries with a high prevalence of self-employment. In Canada, the growth of employment in recent decades has been predominantly in smaller businesses, in part due to growing specialization and the propensity of many organizations to out-source non-core activities. In BC, the proportion of workers classified as self-employed has risen over time, increasing by four percentage points in the last decade.

Second, long-term shifts in industrial structure (faster job and output growth in service industries, the emergence of a sizable advanced technology sector, etc.), and weak net job growth in industries such as utilities, resource extraction and manufacturing, have put downward pressure on union density in the private sector. More generally, the rise of industries linked to what is sometimes called the “knowledge economy” is making it harder for unions to hold their own in a fast-changing economy.

Finally, it appears that attitudinal changes have caused some people – particularly younger age cohorts and private sector employees with post-secondary educations – to deprecate the value of unions. The data show that younger workers and those holding post-secondary credentials have a below average probability of belonging to a union. New/recent immigrants are also less likely to be in unions than native-born workers.

All of these structural trends point to a continued, gentle fall-off in union density. It would not be surprising to see union density in British Columbia’s private sector slip below 15% by the middle of the decade.

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France	7.8%
South Korea	10.0%
US	11.6%
Japan	18.3%
Australia	18.5%
Germany	19.9%
UK	28.0%
Canada	29.4%
Austria*	31.7%
Italy	33.3%
Belgium	52.9%
Norway	53.7%
Denmark	69.1%
Finland	70.3%
Sweden	70.8%

*2006
Source: OECD Employment Outlook, 2010.