

From Thatcher to Blair: employee choice, union decline and the revival of the UK Economy

... and are there lessons for Canada?

*Professor Len Shackleton
Dean, Westminster University Business School
September 25 – 30, 2006*

UK in the late 1970s

- Union movement organised over half workforce and bargained for >70%
- Five million in “closed shop”
- Unions politically powerful and had defeated both parties’ attempts at reform
- Slow growth, rising unemployment, rapid inflation – “stagflation”

Thatcher-Major reforms

- Narrowing of the scope of union action – supervised secret ballot strike votes, no sympathetic strikes, no mass picketing
- Unions liable for actions of their members – unofficial strikes eliminated
- Scope of closed shop narrowed, then abolished
- Unions reformed and democratised. Individual members protected

“New Labour” since 1997

- Enhanced employment protection
- National Minimum Wage
- Working Hours
- Parental leave

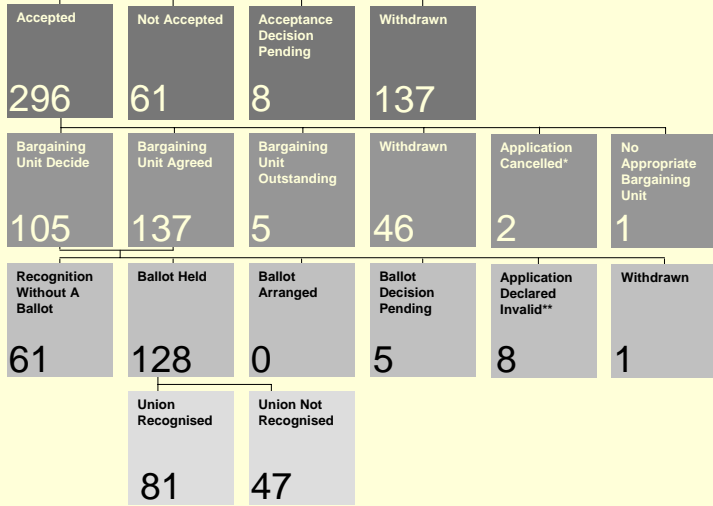
BUT

- Conservative industrial relations reforms largely untouched, **except for union certification procedure**

Part One Applications

**Progress of applications to the CAC for union certification:
June 6 2000 – March 31 2006**

502



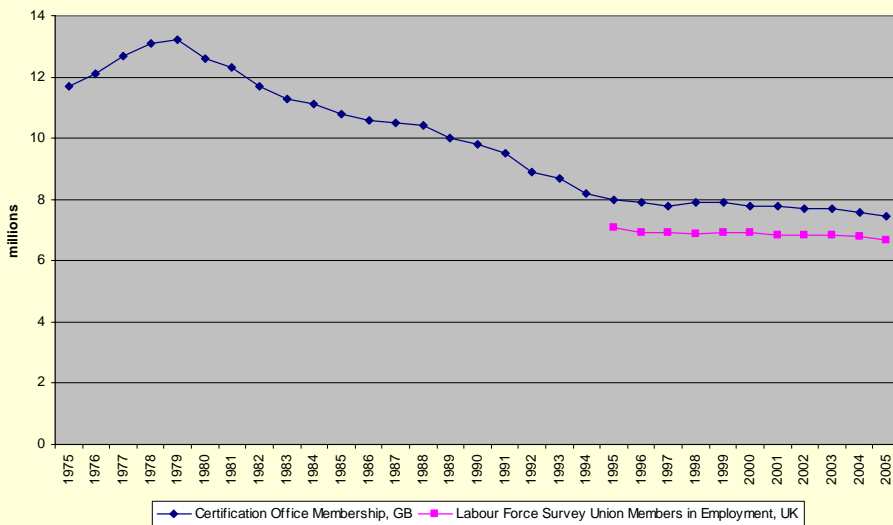
* In accordance with paragraph 51 of Schedule A1 to the 1992 Act

**Application declared to be invalid following a change in the bargaining unit from the unit proposed by the trade union

Trade Union Membership 1975-2005

Great Britain/UK

(Source: Office of National Statistics)



Union density – percentage of workforce in unions

Overall union density, GB and Canada

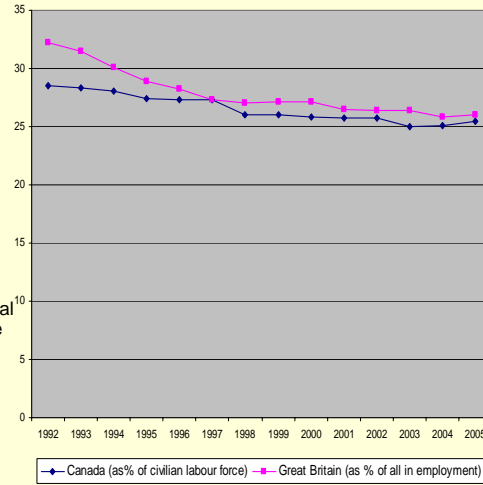
Private Sector 2005

Great Britain 17.1%
Canada 17.9%

Public Sector 2005

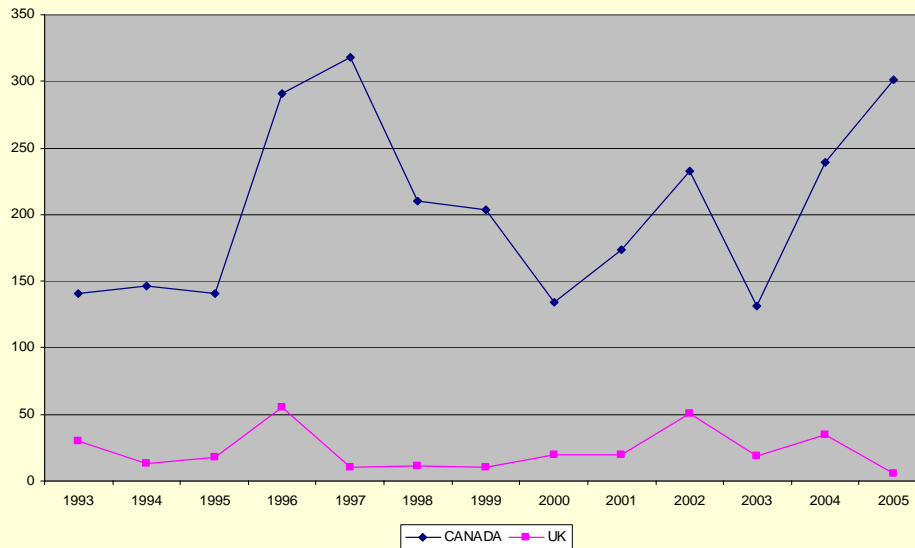
Great Britain 58.2%
Canada 71.3%

(Sources: Statistics Canada, Office of National Statistics. Employment numbers include self-employed.)



Working days lost through strikes and lockouts, per thousand employees

(Sources: Statistics Canada, Office of National Statistics. Some estimated)



Britain today

- Low strike incidence now for many years, especially in private sector
- Decline in union wage “mark-up” over non-union
- Concentration of union membership (14 unions cover 85% of workforce) producing economies of scale and greater professionalism: changed union attitudes
- Unions now no longer major policy players

And the consequences?

- 14 years of continuous growth, majority of years growing faster than OECD as a whole
- Amongst the most competitive of economies in world rankings
- Low unemployment
- High employment

Canadian differences from UK

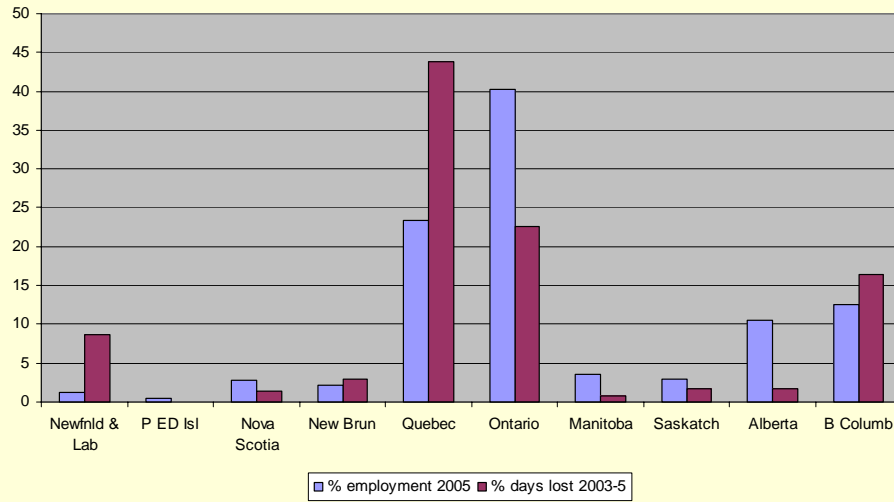
- Union certification procedures
- Collective agreements can require forced payment of dues
- Forced membership allowed
- Crossing picket line can lead to loss of union membership, possibly job too; fines allowed by statute in Saskatchewan
- Replacement worker bans or limits in 3 jurisdictions
- Bans on unionised employees crossing picket line in 2 jurisdictions

Differences between Canadian jurisdictions

- Union density – effects of different industrial relations regimes?
- Strike activity between jurisdictions
- Unemployment/employment rates

Shares of Employment and Days Lost through Strikes and Lockouts, by Province

Source: Statistics Canada



TWO EXTREMES?

	Unemployment rate August 2006	Employment rate August 2006	Union Density 2006
Newfoundland & Labrador	15.1	50.5	36.3
Prince Edward Island	10.9	60.9	28.9
Nova Scotia	8.4	57.3	27.5
New Brunswick	9.1	57.3	26.4
Quebec	7.9	60.2	37.0
Ontario	6.4	63.4	26.7
Manitoba	4.5	65.9	34.8
Saskatchewan	5.4	65.7	35.0
Alberta	4.2	70.8	22.4
British Columbia	4.8	62.3	30.2

All data from Statistics Canada

Consequences of high unionisation

- Reduced employment growth
- Possible reduction in productivity growth
- “Insiders” gain at expense of “outsiders”
- Public sector unionists represent entrenched interests in favour of higher tax/spending

Canada 2006 is not Britain 1979, but..

- Economic costs of artificially inflated unionisation
- Individual liberties issue about some aspects of IR legislation
- Britain shows that reducing union powers is feasible and can bring benefits – and, once done, few people want to turn back the clock