

Can't Get There from Here: Old/New Unions in an New/Old Economy

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Introduction

The outlook for future Union strategies has recently been likened to a game of snakes and ladders. The snakes are the downsides of globalization and the new economy. The ladders are areas of opportunity for trade union organizing, new bargaining strategies and political coalitions.

This lecture will address these issues by posing five questions about Unions and the New Economy:

1. Does the Wagner Model of Unionism fit the New Labour Market?
2. How are Bargaining Strategies Positioned in the New Economy?
3. Does Individualization in the Members Pose a Bigger Threat to Unions than Globalization?
4. What is the Measure of Success for the NDP?
5. What Can Unions Contribute to the New Economy?

1. Does the Wagner Model of Unionism fit the New Labour Market?

My assumption is that the New Economy has two dominant economic themes: The pre-eminence of microeconomic success and network economics. Trade Unions have not been granted an exemption from these two new laws of economics. In Internetland the fundamental challenge for the Union will be that the members will largely service and represent themselves. The task of the leadership will be to manage the network.

Trade union leaders are real good at sniffing the wind and they detect a resonance and energy in the membership and among the unorganized around the issues of globalization that has not been seen since the heyday of the CIO.

For a perspective on the impact of the New Economy on Unions, it is best to think of the economy in terms of a Two Sector Model: The Traded Sector (Manufacturing and Resources and Traded Services) and the Non-Traded Sector (Public Sector and Private Sector services, Small business). The old economy / new economy divide is rooted in the impact of information technology (IT) on the structure of the economy (sectors, new enterprises, new occupations) and new human resource management practices (HRM) usually associated with technological innovation. Though not limited to the Traded sector, the old economy / new economy divide is most evident in that sector. However, life in the Non-Traded sector goes on much as it did before the radical acceleration of IT. Where change has occurred, it has been driven by market-oriented policies like de-regulation or privatization, not by the accelerated adoption of IT or new HRM models. These distinctions have direct relevance to trade union organizing and representation. As suggested below, the

tension between the CAW and USWA, though not confined to them, is largely about new-old bargaining strategies in the Traded Sector. On the other hand, public sector trade unionists are well over half the membership of the CLC. Their issues are around the new market dynamics in the Non-Traded sector.

The old economy / new economy divide hides a more important divide in the labour market - between good jobs and lousy jobs. Lousy jobs were always a feature of the old economy. They are also a feature of some sectors of the new economy such as call centres. To grind an old axe, a strategic problem for the labour movement continues to be that the Wagner Act model is predicated on large, static workplaces. Those outside the scope of this model get left out, whether they are in the old economy or the new economy. The real schizophrenia in the labour movement is that rhetorically it wishes to think of itself as organizing and representing the low-paid, when the reality of our labour relations model is that trade unions are effectively confined to representing those who are moderately well paid and more or less securely employed.

The Wagner Act model of union representation will have to be fundamentally rethought if it is to be relevant to the work force and firms of the New Economy. Otherwise, trade unions doing the same old, same old will become marginalized and represent permanently declining memberships.

2. How are Bargaining Strategies Positioned in the New Economy?

At root, Unions are what they bargain. Workplace-based union bargaining strategies in the New Economy can be expressed as a Two-by-Two Matrix of Old and

New Unionism in the Old and New Economy. Taking from the literature on strategic negotiations, the content of the Matrix can be filled out by the key terms: Distributive vs Integrative Bargaining and Compliance vs. Commitment relationships.

Old/New Matrix: Trade Unions in the Economy

Distributive Bargaining

Distributive bargaining has the function of resolving pure conflicts of interest. It serves to allocate fixed sums of resources (“dividing the pie”) and hence often has a win-lose quality. It is usually associated with a Forcing Strategy in negotiations.

Integrative Bargaining

Integrative bargaining has the function of finding common or complementary interests and solving problems confronting both partners. It serves to optimize the potential for joint gains (“expanding the pie”) and hence often has a win-win quality. It is usually associated with a Fostering Strategy in negotiations.

Compliance-based Employment Relations

Under mutual compliance the parties merely agree to comply with certain set terms of employment (“armed truce”). It is an employment relationship captured by the classic phrase ‘It ain’t my job Jack’.

Commitment-based Employment Relations

Under mutual commitment employees become more broadly committed to the to the enterprise and management becomes more broadly committed to the well-being of employees(“mutual gains”).

	New/Old Economy	
	Old	New
Old	Old/Old Solidarity Forever Everyone Knows What to Do	Old/New CAW: Buzzzzzzing along
Old/New Trade Unionism	Distributive Bargaining Compliance Relationships	Distributive Bargaining Commitment and Cooperation Relationships
New	New/Old USWA: Dancing with Leo Relationship Bargaining Compliance Relationships	New/New Members.net: Members Service Themselves Relationship Bargaining Commitment and Cooperation Relationships

Old-Old: Solidarity Forever

Under the Old Unionism-Old Economy regime, everyone knew what to do – generally to take it out on the other guy. Bargaining was inherently a distributive, zero-sum game: what is won by me is lost by the other party and is what is lost by them is won by me. Workers were expected to park their brains at the gate and follow the strict dictates of managerial control. The labour law norm of Obey Now, Grieve Later became Work Now, Think Later. Each side of the bargaining table knew the other’s speech.

Old-New CAW: Buzzing along

Applying the Old paradigm to the New Economy has best been symbolized by Buzz Hargrove and the CAW's mantra of "No Surrender". Straight up distributive bargaining has been pursued while keeping clear lines demarcated between the union and management. Meanwhile we see car commercials on television extolling the virtues of employee engagement in the workplace. In the real world local labour-management relations and flexibility agreements outside of the Master Agreements in Auto are in fact more nuanced and pragmatic than this. However the official line from Placer Court has real importance. In fact, for their main line units atleast, the CAW has been delivering the goods on their agenda throughout the 1990s. In the next five years Buzz will probably continue to deliver in visible ways on this agenda and therefore the CAW position will tend to become the fallback position for most trade union members faced with diminishing returns in the globalized economy.

New-Old USWA: Dancing with Leo

The second, more future oriented, bargaining policy is summarized in the Empowering Workers agenda of the Steelworkers under the leadership of Leo Gerard. This is not limited to the USWA, it has its parallel in the CEP, the PWU and the UFCW among others. It seeks more than anything to negotiate a new set of relationships in the workplace not only at the official union-management level but also at the shop floor in retraining and work re-organization, and at the industry level in Sector Councils like CSTEAC. The basic problems facing this strategy is the shortage of dancing partners and finding specific deliverables for the members. The

returns from the Empowering Workers Agenda have been less evident. The spectacular success at Algoma Steel was, among other things, only possible through the agency of a sitting NDP government. The challenge for the Empowering Workers agenda is that if it doesn't show more results for the members in the coming five years, then the playing field will tilt towards CAW position.

New-New Members.net

Bargaining Strategy for a New Unionism in the New Economy quadrant will be characterized by Integrative Bargaining and Commitment-based Employment Relations. For Unions this means that the members will largely service and represent themselves. The challenge to the Union leadership will be to manage and enhance the network. There will be bargaining, but it will be relationship based. The key leverage will be the Union's capacity to orchestrate the commitment and skills of its members in the workplace.

Dilemma: Can't Get There from Here

The key dilemma for union Workplace Strategy in the New Economy is that you can't get there from here – you can't just leapfrog from the Upper Left Quadrant to the Lower Right Quadrant. The literature on strategic negotiations is quite clear and sobering. It actually takes a combination of Forcing and Fostering tactics to get to the New, New quadrant. But, at the same time, both the Old-New and New-Old cells of the matrix are inherently unstable. The first is vulnerable to disinvestment. The second is vulnerable to membership revolt.

3. Does Individualization in the Members Pose a Bigger Threat to Unions than Globalization?

Trade Unionists' concerns that trade liberalization not lead to a race to the bottom in social, environmental and living standards are not misplaced. Post-Seattle, these issues have been placed on the agenda. The problem in the future is going to be exactly how to implement them. For instance, there is already a draft agreement on trade and labour standards. Discussions on linking the International Labour Organization (ILO) to the WTO are well advanced. But, by contrast, there no international environmental organization (IEO) for environmental issues.

Labour groups spent the last decade condemning the FTA, NAFTA, WTO. They are going to spend the next ten years falling in love with it. The much abused Dispute Mechanism in the WTO is going to become a meaningful enforcement mechanism for labour rights that will exceed anything that traditional labour relations tribunals could offer in the way of enforcement powers.

The most troubling and problematic issue about globalization for trade unionists and social democrats is that enthusiasts of globalization have overloaded the trade regime. Trade unionists and social democrats have a vital interest in supporting a sensible international trade regime. The problem is that, instead of dealing with the 'border issues' of tariff and non-tariff barriers as in the GATT, the ideologues of the 'Washington Consensus' are seeking to apply the trading regime to a completely different and inappropriate domain – the boundaries between the public and private sector. The trading regime is about boundaries and rules between trading nations not

about the boundaries and rules for our public space. Trade unionists and social democrats have an important role to play in the next decade in re-balancing that system.

Notwithstanding the concerns about globalization as symbolized by the WTO, the greater challenge the trade union movement will face in the coming years is not the external threat. Nor will it be the domestic ideology of privatization and contracting out. The greatest challenge will be the processes of individuation /individualization in everyday life among the membership. Dealing with these issues, more than militant ideologies, will be the test for unions bridging to the New Economy.

This is the reason why it is important to understand that Tony Blair and the Third Way are not simply about ideological shifts to the Right. What ever the merits and demerits of the specifics of the Third Way political program, it in fact springs from a profound reflection on the changing nature of working class experience and what is referred to in the academic literature as the Politics of Risk Society.

What does this have to do with trade unionism? Actually it has quite a lot to do with it. Postwar trade unionism and the Keynesian welfare state were a system for the social management of economic risk. In the New Economy and social marketing in the Internet era where $n = 1$, social solidarity will become a voluntary act not a categorical imperative. Unions will have to persuade their members, not “speak” for them. The task of the union will be to assist the members in servicing themselves.

Changing Social Values of Local Union Leaders

Pivotal to understanding unions now and in the past, is understanding what is going on with the local union leaders, shop stewards and activists. This is critical not only to understanding the changing sociology and politics of unions but also as a factor in how innovation will happen in the economy. Labour market institutions, industrial relations and work organization are all understood as crucial factors in the innovation systems of the New Economy. The last two decades in North America have seen a marked decline in the role of national bargaining structures for instance in the steel industry. For this reason, growing weight has been given to the role of local union leadership and workplace relations at the local level.

Recent studies of European trade unionists' emphasize that the role of trade unions in modern society is challenged, partly by external factors but primarily by changes from within the organizations themselves. It has been found that the processes of individualization and an increasing differentiation of the workforce undermine unions' traditional forms of interest representation because different groups and generations express differing relationships to the union movement. Data for blue-collar workers indicate that the older generation share the ideology and mission of their unions while the younger generation expresses more instrumental union attitudes.

Theorists like Beck and Giddens, who provide the theoretical underpinnings for the Third Way for Blair and Schroeder, suggest that the collective frames of reference that once served as the basis of individual identity and the foundation of

working-class solidarity are losing in significance and gradually being replaced by multitudes of different sources of identification - a belief in the efficacy of the self, more autonomous attitudes towards institutions and a declining preparedness to participate in collective movements.

The following data have been gathered on psychographic profiles of local union leaders across Canada. The trends in Canadian social values, as measured by the 15-year annual Environics 3SC survey of 2700 households indicates a consistent trends away from outward directed and traditional values and towards more individualistic, self satisfaction indices as measured by set of 84 variables. As the accompanying slides show, there has been a movement from the upper left quadrant of the 3SC 'map' towards the bottom right quadrant. The local union leadership survey indicates that that not only have union leaders and members followed this trend. By the latest data, they are well out in front of it. For instance, in regard to Distrust of Authority, where the general Canadian population has an index rating of 100, local union leaders have a Distrust Index of 340! Similarly for a set of other key indices: Priority of personal happiness over duty, need for autonomy, connectivity and adaptive navigation. The data indicate a major shift from the set of social values that inspired the original "Solidarity Forever" song in the union.

The survey also pursued a number of workplace, human resource and union policy issues. As the slides indicate, these also produced a set of problematic messages for the Union. There are indications that union leaders trust of management is conditional and selective. There are definite issues concerning directions for workplace restructuring and employment relations preferences. The local leadership

also views the national and international levels of the union as not being particularly effective, while areas within local jurisdiction are valued more highly.

Does this mean the end of the union song? No. It indicates that change efforts by the union will have to be very focused and build on the motivations of the local union leadership. It will have to prove itself in regard to local site relevance, it will have to directly result in immediate workplace gains for members and it will have to be radically decentralized. The key 3SC social values indices can in fact be turned on their head to suggestion the broad outlines of a union agenda.

4. What is the Measure of Success for the NDP?

Any discussion of the future of labour politics has to address the role and future of the New Democratic Party (NDP).

Future of the Party, Coalitions and Union Affiliation

We see in the media at present the build up to the demonstrations over the proposed FTAA in Quebec City in April. At the same time we see rhetorical and intellectual momentum building toward the Broadbent-Morton Conference at McGill University in May. There is an apparently relentless logic at work here: Demos beget Confrontation over the FTAA begets the Conference on the Future of the Left begets Conference on the Future of the NDP.

However, the Future of the Left and the Future of the NDP are different projects. There has always been a Left and there always will be. It is not in any

apparent crisis mode other than the permanent crisis of utopian movements confronted with the exigencies of everyday life in a capitalist world.

The Party on the other hand is facing a crisis. It does not suffer from an insufficiency of ideology, it suffers from an insufficiency of politics.

The primary task – not the only task, but the primary task – of Social Democratic Parties in power is to improve working class living standards. In a globalized, high capital mobility, high technological change economy this has become a dauntingly complex and difficult challenge. However, it is the challenge that Social Democratic Parties have to meet in order to be viable.

Further, the NDP faces three pivotal organizational problems as a political party:

First, the big problem is that we don't have enough seats. This means that the Party has to take a position on proportional representation. A healthy debate should ensue about the architecture and means towards that end.

Second, we need to communicate a new and different message on governing. The proud and rich history of accomplishments of NDP governments at the provincial level represents something we should, and Larry Sefton would, be proud of. It will mean something important to Canadians and different from the so-called Imperial Prime Ministry of the present Liberals and the non-government of the Reform alternative.

Third, we must deal as adults with the financial and membership base of the Party. The days of the Labour-government style of union affiliation are over. A balance of public election financing and individual donations as the Doer government is now formulating is the wave of the future. It is also an uncomfortable truth that the most problematic “supporters” of sitting NDP government (interest groups and public sector unions) have been for the most part not financial supporters of the Party. The harshest critics of the Rae government were often public sector unionists and publicly funded social activists who had few to no active affiliations and dues contributions to the party regardless of the Party’s policies. They would also switch votes to the Liberals in a minute, in the name of rejecting the NDP as too revisionist. In a phrase Larry Sefton would have known, it is not possible to suck and blow at the same time. The rights and obligations of Party membership have to be confronted as grown ups not adolescents.

Political Dilemma of Public Sector Unions

A very specific political problem also faces the public sector unions and the party over healthcare in the New Economy. The Party has declared itself as the heart and soul of the defence of the Canadian Medicare system. It is a somewhat curious claim to say that the Party ‘owns’ medicare. We have not and do not have bottom-up socialized medicine in this country, in spite of the heroic contributions of Tommy Douglas. We basically socialized the costs and risks of a previously private system with relatively little change to the prior institutions and practices. How to now fix what we claim to own? Unfortunately it is a self-declaration to which the Party and

the movement have no convincing answer other than to pour more tax dollars at the problem.

Most informed and passionate commentators on the looming crisis in the health care system agree that the core problem, without which there is no solution, is the human resources problem. This places public sector unionism in the eye of the storm. As I argued in my book **Hard Bargain**, the repeated application of the traditional Wagnerist trade union model is incapable of solving the problem. It condemns itself to a tread mill of periods of distributive bargaining alternating with restrictions of trade union rights and wage controls.

A new social contract is necessary in the health sector. One that is locally based, expands employee voice, utilizes workers skills and commitment in new ways. It must also deal with the inappropriate and self-interested constrictions of the Health Disciplines Acts – the doctors’ form of job control unionism. It will also require major shifts in Health Sector Wagnerism - the definition of who the employer is, management’s rights, union jurisdictions and workplace reform.

In summary, the efficacy of labour politics – for the Party and Public Sector unions – faces a major challenge and opportunity in regard to Health Care in the New Economy. To use a current phrase, the Party and the Unions will have to go hard or go home.

5. What Can Unions Contribute to the New Economy?

In conclusion, we come back to the challenge of snakes and ladders. The snakes (downside) are pretty obvious: the decline of manufacturing and public sector employment, abandonment of Keynesian demand management, the rise of non-standard jobs and part-time employment. All of which are related directly and indirectly to globalization and the New Economy.

The ladders or upside opportunities for labour get less attention. They exist but they require significant strategic shifts on the part of unions, trade union leaders and social democratic parties. I shall mention but two of the upside opportunities.

First, the trade union movement, particularly but not exclusively the public sector, has the opportunity to play a major part as a direct player in the restructuring and reinvigoration of health care. They have a little acknowledged but as important a role to play in health care in Canada as the German trade union movement has and does play in the German pension and income maintenance system. To play that role, however will require public sector unions debating and endorsing a social partnership role and changing their traditional bargaining and workplace strategies. Public sector Wagnerism is over.

Second, the trade union movement, particularly the private sector, will have to engage with issues of part-time employment and non-standard jobs in Canada the way the Dutch trade union movement has done in the Netherlands. This will have to include constructive engagement in labour market de-regulation and re-regulation

around employment insurance and labour standard legislation and regulations in a way that is different than the one-size-fits all prescriptions of the past.

Finally, the measure of success for trade unions and social democratic parties is the improvement of living standards over time. The appropriate metric is not the applause meter for the latest passing parade of demonstrators. Improving living standards in the New Economy is a profoundly difficult and complicated challenge. Larry Sefton would not have backed off from that challenge, nor should we.

Further Reading

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