Factors Affecting Union Decline in 18 OECD Countries and their Implications for Labor Movement Reform

Joelle Sano and John B. Williamson

International Journal of Comparative Sociology 2008; 49; 479
DOI: 10.1177/0020715208098614

The online version of this article can be found at:
http://cos.sagepub.com/cgi/content/abstract/49/6/479
Factors Affecting Union Decline in 18 OECD Countries and their Implications for Labor Movement Reform

Joelle Sano
Boston College and Villanova University, USA

John B. Williamson
Boston College, USA

Abstract
In recent years, researchers have given much attention to union density decline in industrialized countries. While several have asked whether this decline can be attributed to specific economic, social, or institutional causes, few have provided concrete suggestions about how cross-national studies in this genre can inform efforts that seek to reverse this decline in the United States. This study uses cross-sectional time-series analysis of a pooled sample of 18 OECD countries from 1980 to 2005 to consider the effect of the business cycle, domestic institutions, globalization, and strike activity on union density. We identify interaction with the variable ‘Traditional Union Density’ and utilize findings on corporatism, collective bargaining, globalization, and inflation to make suggestions for those working to reverse union decline in the US.

Key words: corporatism • cross-national • organized labor • union decline

In recent decades much has been written about the decline of the labor movement in the industrial nations (Ebbinghaus and Visser, 1999; Wallerstein and Western, 2000; Western, 1993, 1997). This has included a number of studies asking what can be done to end or at least slow the decline in the strength of the labor movement (Clawson and Clawson, 1999; Turner, 1991). Some of this literature has been based on case studies (Machin, 2000; Waddoups, 2005; Wells and Villarejo, 2004), but there have also been a number of quantitative cross-national studies dealing with these issues (Brady, 2007; Checci and Visser, 2005; Scruggs and Lange, 2002; Wallerstein et al., 1999). Typically, scholars engaging in quantitative cross-national analysis have focused on the relationship between...
union density and one or more of the following categories of predictors: the business cycle (Bain and Elsheikh, 1976; Chaison and Dhavale, 1992; Checci and Visser, 2005; Ebbinghaus and Visser, 1999, 2002; Western, 1993, 1994, 1997), domestic institutions (Brady, 2007; Ebbinghaus and Visser, 1999, 2002; Northrup, 1990; Oskarsson, 2003; Scruggs, 2002; Scruggs and Lange, 2002; Waddoups, 2005; Western, 1993, 1994, 1997), social or demographic changes (Machin, 2004; Misra and Hicks, 1994; Van den Berg and Grift, 2001; Visser, 2002), and more recently globalization (Brady, 2007; Lee, 2005; Quinn and Inclan, 1997; Piazza, 2005; Scruggs and Lange, 2002; Western, 1995, 1997). Some researchers have also focused on the relationship between strikes and union density (Batstone, 1985; Piazza, 2005; Western, 1995). One criticism that has been made of much of this literature is that it is often too narrowly focused on one or another of these areas and the associated theories to the exclusion of others (Misra and Hicks, 1994; Wallerstein and Western, 2000). One example of this criticism is the argument by Franzosi (1989) that such studies often focus on either political indicators or on economic indicators, but not in such a way as to give adequate attention to the alternative set of indicators and associated theories.

In the present study we address such criticisms in that we have made an effort to include predictors linked to a broad range of alternative theoretical perspectives. As we have reason to believe from some of the prior literature that there may be important interaction effects (Ashley and Jones, 1996; Bowdler and Nunziata, 2007; Pampel et al., 1990; Wallerstein and Western, 2000) we check for possible differences in the strength of the impact of various predictors on union density as a function of what we call Traditional Union Density. We hypothesize, find, and interpret several important differences. As in a number of prior studies of union density (Ebbinghaus and Visser, 1999; Pampel et al., 1990; Visser, 1986 cited in Ebbinghaus and Visser, 1999), corporatism turns out to be an important part of the story we have to tell. In most prior studies of union density based on quantitative cross-national analysis, very little attention is given to drawing out policy implications, particularly potential implications for specific countries. In this study we seek to illustrate how this can be done with an effort to delineate policy suggestions based on our cross-national analysis for the efforts of organized labor in the United States. We draw out implications of our research for the fear of outsourcing and economic globalization more generally among those in US labor movement.

BACKGROUND

Domestic Institutions

According to Visser (1992 cited in Ebbinghaus and Visser, 1999), union density, that is the ratio of union members to possible union members, is the best predictor of a labor movement’s strength in a particular country. Many researchers have studied the relationship between union density and domestic institutions
that affect labor unions. The institutions and related structural characteristics most often considered include corporatism, the presence of a Ghent system of unemployment dispersal, centralization of collective bargaining, and the level of workplace access granted to the unions.

In their study of class power and pension spending, Pampel et al. (1990) define corporatism as, ‘the degree to which officially designated representatives of class groups are integrated within and organized by the state for mediation in national policy formation’ (p. 535). Using this definition, corporatism is assumed to have a positive impact on union densities as it gives unions national exposure as well as provides union representatives with a voice in labor legislation and policies (Ebbinghaus and Visser, 1999). Other authors have found that corporatism tends to have a favorable impact on unemployment rates (Kentworthy, 2002), labor quiescence (Nicholls, 2002) and patterns of wage setting (Wallerstein et al., 1997). Additionally, Ebbinghaus and Visser (1999) and Visser (1986) have found that countries with highly corporatist systems have more stable union densities than countries with less corporatism, suggesting that corporatism is effective in helping to maintain a level of union membership. In a case study looking particularly at the US labor movement, Amberg (2003) argues that the decline in participation of interest groups and organizations such as unions in the US government greatly contributed to union membership decline during the last few decades of the 20th century.

Western (1993) found that corporatism, in conjunction with centralization of collective bargaining and the presence of a Ghent System, was helpful in explaining cross-national differences in union densities in OECD countries. The Ghent System is an unemployment scheme where labor unions are responsible for distributing the unemployment insurance rather than a state agency. Western (1994, 1995) found that the presence of a Ghent system is usually accompanied by higher union density levels. Likewise, Blaschke (2000) found that union rates increased or remained stable in countries with a union-controlled distribution of unemployment benefits. Scruggs (2002) found that in European countries during the period between 1970 and 1996, unionization rates increased for countries with union-administered unemployment systems while they declined in those with state operated compulsory systems. Brady (2007) also replicated Western’s (1995) conclusion about the positive influence of the Ghent system on union membership though found it was less robust with the inclusion of class system variables.

In addition to Western’s findings on the importance of the Ghent system, he argues that a centralized system of collective bargaining, or the conducting of contract negotiations at a national or industry level, is crucial to maintaining and increasing union densities (1995). Western found that unions that bargain at a less centralized level, such as the specific plant or local level, tend to have smaller and declining union densities. As examples of this argument, two case studies (Northrup, 1990; Waddoups, 2005) of union density conclude that the decentralization of collective
bargaining leads to membership declines: 1) In the former study, Northrup claims that the declining union density of the Arizona construction trades was a result of the decentralization of collective bargaining. With local level contracts, Northrup found that unions showed little solidarity for their fellow union workers and that this competition led to the weakening of the Arizona Chapter Associated General Contractors, the locals’ central labor council. Northrup suggests that this could be remedied if contracts were negotiated at an industry or even state level instead of within each union. 2) In the latter study, Waddoups argues the union density decline in Australia was the result of a law enacted in 1991 that changed the collective bargaining process. Whereas previously neutral arbitration boards decided industry-level contracts after hearing cases from contractors and union leaders, after 1991 individuals created agreements on a contractor by contractor basis. This decentralization took power away from the unions that previously were able to bargain at the industry level and gave power to contractors who could now set their own prices. In both studies, the authors suggest that a more centralized collective bargaining process increased the power and therefore the appeal and density of the labor unions.

Many scholars note the importance of greater workplace access where the union can use the workplace as a public space to recruit members and discuss union issues (Ebbinghaus and Visser, 1999; Hancke, 1993). Therefore, having this freedom and space should increase a union’s potential to organize. Access is often determined by labor legislation, but it is also influenced by the strength of employer opposition to organizing in the workplace. Oskarsson (2003) points out that increased workplace access for unions is helpful in recruiting members as it informs the workers about the wage and benefit opportunities the union provides. At the same time co-worker pressure reduces the extent to which workers elect to be ‘free riders’. While Oskarsson (2003) concludes that this relationship is due to an interaction, Brady (2007) found that workplace access was a significant predictor of unionization rates by itself. In a case study of four union locals in Midwestern America, Frost (2000) supported these arguments with an example of the importance of workplace access to union success. Frost explains that the ability of unions to mobilize and educate members in the workplace was crucial to the success of two union locals and the failure of two others.

**Political Presence**

Several authors (Brady, 2007; Korpi, 1983; Western, 1995) have found that the presence of left-wing governments positively and significantly impacts union density levels in affluent nations. Most recently, Brady (2007) argued that both right and left cabinet presence impacts union density. Similarly, Clawson and Clawson (1999) explain that US labor leaders point to the negative influence of right-wing president Ronald Reagan on the labor movement. Echoing Sassoon’s (1996) findings on union density and the election of Margaret Thatcher in the UK, Clawson and Clawson argue that the presence of a right-wing government...
may lead to union decline due to the removal of worker protections and an anti-worker legislative sentiment.

Challenging these findings, Ebbinghaus and Visser (1999) suggest that the relationship between labor and right-wing or left-wing presence may not be universal or one way. For instance, they explain that it is possible that a greater union density will produce more pro-labor voters, therefore aiding in the election of left-wing parties rather than a left-wing party leading to a greater union density. Additionally, Ebbinghaus and Visser (1999) argue that while the presence of a left-wing government may be a useful predictor of union density in post-war OECD countries, it may not be as relevant for a more recent time period. These authors argue that this is not appropriate for a time wave after 1975 due to the efforts of many socialist and left-wing parties to distance themselves from labor unions in order to attract a middle-class electorate. While Sassoon (1996) found that Thatcher’s election had a significant effect on unionization levels in the UK, Ebbinghaus and Visser (1999) point out that this was not true in all affluent countries. As an example, Ebbinghaus and Visser (1999) note the stability of union density in the era of right-wing governments in the Netherlands in 1982 and France in 1986 and the decline of union power in the presence of left-wing leadership in countries such as Spain after 1982 and France after 1988. Additionally, Scruggs (2002) explains that political partisanship has been a less effective predictor of union density since the 1970s, as the resurgence of leftist parties in Austria, France, and Australia actually coincided with declines in union density in those countries. This investigation recognizes the problems these authors expose in the relationship between left-wing parties and union density for a more recent time period. While we acknowledge the importance of political presence, as our focus is after 1980, we have chosen to follow Ebbinghaus and Visser’s (1999) and Scruggs’ (2002) findings and concentrate on the impact of institutional variables other than political party presence on union density levels.

Business Cycle

In studies that explore the effect of the business cycle on union densities, the most commonly explored variables are inflation, as measured by the consumer price index, and unemployment rates. Franzosi (1989) explains that economists have long considered the effect of the business cycle and economic downturns on labor unions. Though his focus is on strike data, he concludes that while these economists are correct that wages will be affected by economic downswings, it is unclear whether or not this affects the union’s bargaining power.

The Consumer Price Index (CPI) has been used by several researchers (Ebbinghaus and Visser, 1999) to represent the business cycle in studies of union density. According to the OECD, the CPI or ‘all items non-food non-energy’ is a measure of core inflation. In their study of post-war Western European union decline, Checchi and Visser (2005) found that union density decreased as inflation decreased. They argue that inflation will raise the appeal of union
membership and therefore union density. However, some analysts suggest that if non-union members who receive union wages, so-called ‘free-riders’, also see wage increases with increases in inflation, CPI may not influence union density (Chaison and Dhavale, 1992; Ebbinghaus and Visser, 1999). This problem is remedied in countries with closed shop legislation.

Ebbinghaus and Visser (1999) suggest that the law of supply and demand tips the scales in favor of employers when unemployment is rising so the benefits of union membership are lower than the costs. These researchers found that union density decreased as unemployment increased. Checci and Visser (2005) also found that union densities decreased when unemployment increased and densities remained at a lower level when workers were resorted into new jobs often not covered by unions. Additionally, Ebbinghaus and Visser explain that several authors argue that unemployment is an unstable predictor of union density and only becomes significant with the addition of institutional variables (Bain and Elsheikh, 1976; Booth, 1983; Roche and Larragy, 1990).

Globalization

A more recent trend in union density research has been to incorporate a measure of globalization as an independent variable, per Western’s (1995) suggestion that global openness may have been a cause of convergent trends in union decline in OECD countries during the 1980s. The overarching hypothesis concerning globalization and union density is that increased globalization will have a negative effect on union density because employers will have more options for low wage labor and labor unions will have less power due to the threat of outsourcing jobs. Most analysts argue that economic openness will create a wage ‘race to the bottom’ and will offer employers low cost investment opportunities abroad. Western (1997) pursued this question, but did not include a financial measure of globalization in his study, which other authors consider crucial. Several researchers (Scruggs and Lange, 2002; Swank, 1998) use Foreign Direct Investment (FDI) as a general indicator of participation in the global market. For a second financial measure of globalization, Scruggs and Lange use a country’s imports and exports as a percentage of GDP. With these measures, the researchers conclude that although they find that globalization significantly affects union density, this may be conditional on workplace access and the centralization of collective bargaining. Brady and Wallace (2000) find that FDI has a negative influence on unionization rates in the US and Lee (2005) concludes that while both FDI flows and international migration have significant negative effects on union density levels, the trade openness scale (Quinn and Inclan, 1997) is not significant.

 Strikes

Traditionally, researchers interested in the relationship between strikes and union density have investigated strikes as the dependent variable, rather than union density (Piazza, 2005). Several of these researchers have found that strike
activity increases when union density increases (Cronin, 1979; Franzosi, 1989; Kaufman, 1982), but it is unclear whether strike activity can be a useful predictor of union density. Franzosi explains that while union density appears to be highest during strike waves, it is not possible to assume a causal relationship between these variables and instead suggests a strong correlation.

Of those that have recently used strikes in cross-national studies of union density, Western (1993) found that a third variable, the centralization of collective bargaining, shapes the longitudinal effect of strike activity on union density and Checci and Visser (2005) found that union density declined as strike activity declined.

A second debate in strike research is what constitutes an appropriate measure of strike activity. While several authors (Hibbs, 1987; Piazza, 2005; Western, 1995) consider the log of days lost/1000 workers suitable, Franzosi (1989) explains that political science, sociology, and economics each have their own belief on the best measure of strike activity.

The literature on union density and decline has dealt with many issues, but little attention has been given to finding strategies with the potential to end the decline or to reverse this trend in the US. In this study we attempt to do this by investigating how several of the most important independent variables affect union density when incorporated into the same model. We go on to consider how what we refer to as ‘Traditional Level of Union Density’ moderates the effect that each variable has on union density. We then use these findings to make suggestions for reversing or at least stalling union decline in the US. Through this research we attempt to address the following questions:

- What is the relationship between our variables and union density?
- How does the inclusion of a historical variable, ‘Level of Traditional Union Density’, affect these relationships?
- What, if any, suggestions can be made based on our findings about how to stop or at least slow the decline of union density?
- Which of our findings and conclusions are potentially relevant for organized labor in the US?

DATA AND METHODS

Data

We used cross-sectional time-series analysis to investigate the relationship between union density and variables representing domestic institutions, the business cycle, and globalization. As with many prior studies of union density, we limit our analysis to a sample of 18 advanced industrial OECD nations (Western, 1993, 1995). We also added a variable representing strike activity to investigate the relationship between strikes and union density levels. We pooled the data for these 18 countries at six time points, every five years from 1980 to 2005, increasing the number of observations to 108.
As we believe that some omitted variables may be constant over time but vary between countries, and others may be fixed between countries but vary over time, we used the random effects model. A Hausman test and a Breusch-Pagan Lagrange multiplier (LM) test were performed as checks and confirmed that the random effects model is appropriate for our analysis.

**Dependent Variable**

Our dependent variable is Union Density. It is a measure of net union density (percent of workforce unionized/eligible workforce). Essentially the same measure has been used in several prior studies of union density (Checci and Visser, 2005; Ebbinghaus and Visser, 1999). This measure is considered by many researchers to be the most accurate as it excludes those who are not working or actively seeking work from the ratio. Therefore, the denominator of this equation does not include prisoners, the self-employed, students, or conscripts (Ebbinghaus and Visser, 1999). The variable ‘Union Density’ is not to be confused with a different variable also used in this analysis, which we will call ‘Traditional Union Density’. The latter variable is a variable with only three categories as we describe below.

**Independent Variables**

We include four variables measuring structures linked to important domestic institutions: 1) Workplace Access, 2) Centralization of Collective Bargaining, 3) the Ghent System, and 4) Corporatism. In accordance with Scruggs and Lange (2002) we assume that the institutional measures do not change over this time period.

*Workplace Access (Access) (Oskarsson, 2003)* This variable represents the ability of workers to recruit members, form a union, and discuss union issues in the workplace. Employer and government opposition and regulation determine and influence this freedom. This variable, taken from Oskarsson (2003) is coded on a scale of 0 to 1, where 1 is complete Access for the unions and 0 is no Access for the unions.

*Centralization of Collective Bargaining (Centralized Bargaining) (Scruggs and Lange, 2002)* This is the level of collective bargaining at which unions in each country conduct contract negotiations. For a measure of Centralized Bargaining, we are employing Cameron’s (1984) interpretation of Heady’s scale (1976). Western (1993) uses the same variable. We are using a variant of this variable transformed to a 0 to 1 interval by Scruggs and Lange (2002).

*Ghent System (Ghent System) (Scruggs and Lange, 2002)* The Ghent System is a system where labor unions distribute unemployment wages rather than the government. Here we employ a variable used by Scruggs and Lange (2002).
Countries with the Ghent System are scored 1 and those without it are scored 0. Australia and Belgium receive a score of .5 as their systems contains elements similar but not identical to the Ghent System.

**Corporatism (Corporatism) (Lijphart and Crepaz, 1991)** This variable represents the national recognition and participation of labor unions in policy-making and legislation in the national government. We use the scale created by Lijphart and Crepaz (1991) to express this concept. The variable is coded on a scale of 0 to 1, where 1 indicates the presence of a high degree of corporatism and 0 indicates the complete lack of corporatism.

Due to their presence as strong indicators in previous studies, we hypothesize that the institutional variables, Centralized Bargaining, Corporatism, Ghent System, and Workplace Access will be significant predictors even with the addition of business cycle, globalization, and Strike variables. As this hypothesis deals with the arena where labor has the most involvement and possibly the most power, these findings have important implications for specific actions unions might take to increase membership.

To measure the business cycle, we are using two measures, Consumer Price Index (CPI) and Unemployment Rate. These measures are time-varying.

**Consumer Price Index (CPI) (OECD, various years)** This measure has been used by several authors (Ebbinghaus and Visser, 2002) to represent the business cycle in studies of Union Density and has been considered by several authors (Piazza, 2005) to be an effective measure of inflation. In accordance with other authors, we theorize that an increase in inflation will lead to an increase in union membership because price increases will spur action for workers to protect their real wages.

**Unemployment Rate (Unemployment) (OECD, various years)** This is a measure from the OECD statistical compendium of the rate of unemployed workers to total workers. We expect that as Unemployment increases, Union Density will decrease because the cost of membership will be higher than the benefits. However, we also hypothesize that business cycle variables will not have a significant effect on Union Density when institutional variables are taken into account. For example, we believe that the presence of a Ghent System will undercut the impact of Unemployment on Union Density when considered in the same model. This is important because of the emphasis that researchers, mainly economists, have placed on this relationship.

To measure the effects of globalization, we use two economic measures, Foreign Direct Investments (FDI) and Trade Openness.

**Foreign Direct Investments (FDI) (IMF, various years)** As several researchers recommend, we utilize this variable to represent the financial market aspect of
globalization (Piazza, 2005; Quinn and Inclan, 1997; Scruggs and Lange, 2002; Swank, 1998). Though Western (1997) does not include such a measure we agree with other analysts that it is an important aspect of globalization. We use the measure outward Foreign Direct Investments (FDI) as a percentage of GDP, as calculated by the International Monetary Fund, and is time varying.

Trade Openness (Trade Openness) (IMF, various years) This is a time-varying measure of imports and exports as a percent of GDP from the International Monetary Fund’s statistical compendium. This measure was suggested by Swank (1998) to represent a financial openness aspect of globalization.

We hypothesize that the globalization variables will be significant predictors of union density in countries that have low traditional union density, but not in those with a high traditional union density. We believe that employers will have more pressure not to outsource jobs in countries with a strong union history, which should then decrease the impact of globalization in these nations.

Strikes (Strikes) (ILO, various years) As Hibbs (1987) and Western (1993) suggest, we are using days lost/1000 workers, from ILO databases, to operationalize our strike variable. Considering Franzosi’s work (1989), we chose to use this measure because it incorporates both strike frequency and duration, two indicators that other researchers frequently use when analyzing cross-national variation in strike activity. Several researchers have used the log of days lost/1000 workers as a measure of strike activity to reduce the influence of outliers (Booth, 1983; Neumann et al., 1989; Western, 1993). We have opted to use the same form of this variable in our analysis.

We hypothesize that while strike activity will have a positive impact on union density, it will have a weaker impact on union density in countries that have low traditional union density than in those that have high traditional union density. This reflects Franzosi’s (1989) suggested correlation between strikes and union density, implying that strikes are not as historically common in countries with lower densities. Labor movements in countries, such as the US, with a traditionally low union density may be more vulnerable to punishment for striking. This hypothesis, if confirmed, may call into question the potential effectiveness of Strikes on Union Density in countries with low traditional union densities.

Traditional Union Density (Traditional Union Density) Western (1995) found that level of Traditional Union Density was useful in explaining trends in union density decline. For this reason we will use this indicator as a control variable. We follow Western in classifying countries as high, medium, or low union density based on their average union density from 1970 to 1979 as our measure of ‘Traditional Union Density’. Like Western, many sociologists have long considered the importance of incorporating historical data when studying labor
unions. In an article on framing and collective action, Gamson (1988) notes that every collective action group has a historical climate associated with it that plays a role in its identity and its ability to recruit members. By including a measure of the Traditional Union Density of these countries as a control variable we are agreeing with Gamson about the importance of considering the historical climate of the labor movement in each country.

RESULTS

We first created a correlation matrix (Table 1) to present bivariate relationships between our variables. These correlations suggest that Union Density is highly correlated with Collective Bargaining \((r = .69)\), Workplace Access \((r = .84)\), and the presence of a Ghent System \((r = .81)\), a finding that is consistent with our first hypothesis. It is also of note that the Strike Activity variable has a fairly high correlation with Unemployment \((r = .50)\) and Corporatism \((r = -.62)\). This suggests that this variable may not be a significant predictor of Union Density when in an equation with these other variables due to shared variance. Additionally, this correlation matrix suggests that Unemployment and CPI have negative correlations with Union Density which is inconsistent with most previous studies that report positive associations of both CPI and Unemployment with Union Density. This will be interesting to explore further in our cross-sectional time-series analysis.

We next performed a cross-sectional time-series analysis using the random effects model described above. The results of our initial model (Table 2) suggest that the presence of a Ghent System and greater Workplace Access for unions have a significant positive affect on Union Density. Additionally, CPI is shown to have a significant negative effect on Union Density, which contradicts our original hypothesis. Interestingly, the coefficient for Strike Activity also shows a significant positive relationship with Union Density, though it is possible that this is not a causal relationship, as we discussed earlier. The coefficients for both globalization variables are not significant, suggesting that globalization may not have as strong an impact on Union Density as some have suggested. This finding is re-considered below when we control for Traditional Union Density. It is of note that Corporatism did not have a significant effect on Union Density. This led us to ask if this might be due to a problem of shared variance with other political-institutional variables. We investigated this by including a model in Table 2 where the Ghent System and Workplace Access variables were removed. As shown below, in this model the effect of Corporatism on Union Density was still not significant.

We next separated countries into high, medium, and low levels of traditional density (Table 3) and repeated the regression. As discussed above, we include this control in order to bring the historical climates of labor unions into this equation.
<table>
<thead>
<tr>
<th></th>
<th>Density</th>
<th>Unemployment</th>
<th>CPI</th>
<th>Centralized Bargaining</th>
<th>Corporatism</th>
<th>Ghent System</th>
<th>Access</th>
<th>FDI</th>
<th>Trade Openness</th>
<th>Strikes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Density</td>
<td>1.0000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unemployment</td>
<td>-0.1739</td>
<td>1.0000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CPI</td>
<td>-0.1851</td>
<td>0.1175</td>
<td>1.0000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Centralized Bargaining</td>
<td>0.6914</td>
<td>0.0129</td>
<td>-0.1103</td>
<td>1.0000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Corporatism</td>
<td>0.5614</td>
<td>-0.4769</td>
<td>0.0943</td>
<td>0.6356</td>
<td>1.0000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ghent System</td>
<td>0.8113</td>
<td>0.0102</td>
<td>-0.0247</td>
<td>0.5656</td>
<td>0.3379</td>
<td>1.0000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Access</td>
<td>0.8435</td>
<td>-0.2215</td>
<td>-0.0240</td>
<td>0.5047</td>
<td>0.6202</td>
<td>0.5953</td>
<td>1.0000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FDI</td>
<td>0.1335</td>
<td>0.0762</td>
<td>-0.2771</td>
<td>0.0319</td>
<td>-0.0754</td>
<td>0.0993</td>
<td>0.0757</td>
<td>1.0000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade Openness</td>
<td>0.2450</td>
<td>0.0422</td>
<td>0.261</td>
<td>0.3882</td>
<td>0.5019</td>
<td>0.0892</td>
<td>0.2684</td>
<td>0.0221</td>
<td>1.0000</td>
<td></td>
</tr>
<tr>
<td>Strikes</td>
<td>-0.0190</td>
<td>0.5003</td>
<td>-0.3586</td>
<td>-0.0692</td>
<td>-0.6191</td>
<td>0.1194</td>
<td>-0.2234</td>
<td>0.1628</td>
<td>-0.3781</td>
<td>1.0000</td>
</tr>
</tbody>
</table>

N = 108.
Table 2  Cross-sectional time-series results for 18 OECD countries (1980—2005)

<table>
<thead>
<tr>
<th>DV: Union Density</th>
<th>Model 1</th>
<th>Model 2 (No Ghent or Workplace Access Variables)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unemployment</td>
<td>-.001 (-.33)</td>
<td>.01 (3.00e-4)</td>
</tr>
<tr>
<td>CPI</td>
<td>-.116** (-3.84)</td>
<td>-3.89** (-.116)</td>
</tr>
<tr>
<td>Centralized Bargaining</td>
<td>.113 (1.19)</td>
<td>1.75 (.296)</td>
</tr>
<tr>
<td>Ghent System</td>
<td>.181* (2.55)</td>
<td>Not Included</td>
</tr>
<tr>
<td>Workplace Access</td>
<td>.207** (3.13)</td>
<td>Not Included</td>
</tr>
<tr>
<td>Corporatism</td>
<td>.062 (.61)</td>
<td>1.32 (.225)</td>
</tr>
<tr>
<td>FDI</td>
<td>4.55E-7 (.67)</td>
<td>.72 (4.89e-7)</td>
</tr>
<tr>
<td>Trade Openness</td>
<td>4.20E-3 (-.49)</td>
<td>-.96 (-.001)</td>
</tr>
<tr>
<td>Strikes (log)</td>
<td>.009* (2.13)</td>
<td>2.40* (.010)</td>
</tr>
<tr>
<td>R-Square:</td>
<td>.91</td>
<td>.56</td>
</tr>
<tr>
<td>Observations</td>
<td>108</td>
<td>108</td>
</tr>
</tbody>
</table>

Note: Numbers in parentheses after coefficients are z-statistics.  
*p < .05 ** p < .01

Table 3  Traditional Union Density by country

<table>
<thead>
<tr>
<th>High Union Density</th>
<th>Middle Union Density</th>
<th>Low Union Density</th>
</tr>
</thead>
<tbody>
<tr>
<td>Belgium</td>
<td>Austria</td>
<td>France</td>
</tr>
<tr>
<td>Denmark</td>
<td>Australia</td>
<td>Japan</td>
</tr>
<tr>
<td>Finland</td>
<td>Canada</td>
<td>Netherlands</td>
</tr>
<tr>
<td>Sweden</td>
<td>Germany</td>
<td>Switzerland</td>
</tr>
<tr>
<td></td>
<td>Italy</td>
<td>Ireland</td>
</tr>
<tr>
<td></td>
<td>New Zealand</td>
<td>US</td>
</tr>
<tr>
<td></td>
<td>Norway</td>
<td></td>
</tr>
<tr>
<td></td>
<td>UK</td>
<td></td>
</tr>
</tbody>
</table>

In the countries with a low levels of Traditional Union Density the variables Workplace Access and the Ghent System were dropped due to problems of multicollinearity. Additionally, multicollinearity caused Workplace Access to be dropped in the model for countries with traditionally high union densities. Different models were evaluated first including these variables and then removing each individually. As the results did not vary, we chose to remove the Workplace Access and the Ghent System variables from all three models to make them comparable.
Controlling for Traditional Union Density all three models again yield high R-square values, but there is variation among the three levels of Traditional Union Density with respect to which coefficients are statistically significant (Table 4). This outcome points to interaction in our data. For countries with high Traditional Union Density, Centralized Bargaining and Corporatism, both domestic institution variables, were the only variables to have a positive significant relationship with Union Density. For countries with medium Traditional Union Density, Corporatism, Trade Openness, and Strike Activity all produced a significant positive relationship with Union Density, while CPI had a significant negative relationship with Union Density. As these variables were significant at the .01 level, they appear to be strong indicators. Finally, Centralized Bargaining and CPI had a significant negative relationship with Union Density for countries with low Traditional Union Density while Corporatism again produced a significant positive relationship.

**DISCUSSION**

When we control for the business cycle and globalization variables, our initial cross-sectional time-series analysis (Table 2) appeared to provide mixed evidence with respect to our hypotheses about the impact of several domestic institutional variables on Union Density in these 18 OECD nations for the period between 1980 and 2005. Consistent with Oskarsson (2003) and Western (1993), we find that countries with a Ghent System and greater Workplace Access tend to have a higher union densities while Corporatism and Centralized Bargaining do not appear to have significant effects. These latter variables did, however, turn out to have significant effects for some countries when one important additional control was made, for Traditional Level of Union Density.
In connection with our hypotheses pertaining to the business cycle, we find that although Unemployment is not a significant predictor of Union Density, CPI has a significant negative effect on Union Density. Our results differ from those of Checchi and Visser (2005), who found that Union Density decreased as inflation decreased. These findings may be the result of the ‘free rider problem’ (Chaisson and Dhavale, 1992; Ebbinghaus and Visser, 1999). While we discuss this further when considering the control variable of Traditional Union Density, we also suggest that this may be an issue other researchers will want to explore in more detail.

The strike activity variable was a significant positive predictor in our first model (Table 2). However, questions remained in our minds as to whether we are dealing with a causal relationship or just an association between the two variables. We explore this same relationship in greater detail when we check for evidence of interaction in Table 4.

When we control for the level of what we call ‘Traditional Union Density’ we find the strength and significance of several key predictors vary across different categories of this control variable suggesting the presence of interaction. For example, in connection with our hypothesis about the effect of globalization, we find that, as we expected, globalization is not a strong predictor in the high Traditional Union Density countries, but it is significant in the countries with a medium level of Traditional Union Density. When we then turn to the countries with a low level of Traditional Union Density, we find that it is again not significant. While unions in high density countries may be able to pressure corporations not to outsource jobs and investments with the result that the impact of globalization attenuated, the unions in middle level Traditional Union Density countries do not have this power. In explaining why this does not extend to countries with a low level of Traditional Union Density, we agree with Scruggs and Lange (2002) who argue that the Union Density of countries in this group were declining before the ‘age’ of globalization began in the mid-1970s. While we examine a more recent time period of increasing globalization, the biggest declines in Union Density in these countries occurred before the period we consider and therefore the effect of globalization on the Union Densities of this group appears to be weaker than in those that did not experience large declines prior to 1980.

We found support for our hypothesized positive effect of strike activity on union density. The effect was significant overall (Table 2), but when we take a more detailed look (Table 4), we actually only have support for this hypothesis among the countries with a medium level of Traditional Union Density. Again this was a positive relationship, implying that as strike activity increases, so does union density in these ‘medium-level’ countries. The lack of a significant relationship for countries with a high Traditional Union Density level may be due to the higher level of corporatism often present in these countries where unions may have more bargaining power and more avenues for negotiations than in the countries with lower traditional union densities. In the highly corporatist countries citizens may see strikes
as drastic measures and interpret them as the unions taking their participation in
government for granted, therefore making striking in these countries less effective.
Also, striking may be ineffective in countries with low levels of Traditional Union
Density, such as the USA, where there may be less overall support for union activity
and often more localized bargaining. It is difficult to draw conclusions about the
relationship between strike activity and union density from this data except to
suggest that it is probably a more effective organizing tool in countries with a ‘me-
dium’ level of Traditionally Union Density than in countries with a traditionally
high or low union density level. In this way it appears that there may be a tipping
point in terms of Traditional Union Density levels and the union sentiment that is
required for striking to be an effective mobilization weapon. That is, the effective-
ness of striking increases as the levels of Traditional Union Density decreases, but
only to a point where Traditional Union Density is so low that striking becomes
ineffective and the relationship then reverses.

Centralized Bargaining is a significant predictor in countries with high
and low Traditional Union Densities, but not for the middle group. It is pos-
sible that Strike activity explains some of the common variance for this middle
level, where the effect of Centralized Bargaining is not significant. Additionally,
according to the OECD (1994), some of the countries in the middle group
(Australia and Norway) bargain at the most centralized level while other coun-
tries in this group (Austria and Germany) bargain at the industry level and still
others (Canada, New Zealand, and increasingly the UK) bargain at the least
centralized company or plant level. The varying degrees of Centralization of
Collective Bargaining within the group may be another reason why this relation-
ship is not significant for this group. In regards to countries with low and high
Traditional Union Density Levels, Centralized Bargaining was more important
than strike activity. We find support for our hypothesis in countries with high
levels of Traditional Union Density where we see a positive relationship be-
tween Centralized Bargaining and Union Densities, but not for low traditional
union density level countries where the relationship is negative. We believe that
this negative relationship may be the result of the collective bargaining policies
of the last group as France and Switzerland have less centralized collective bar-
gaining levels than the US and Japan, but slightly higher union densities.

We maintain that the more centralized the collective bargaining, the stronger
the positive impact on Union Densities, as the model without the control vari-
able indicated (Table 2). While we cannot provide enough evidence from this
study to support the potential efficacy of a strategy that heavily emphasizes na-
tionally centralized collective bargaining, our findings do lend support to those
who are calling for more cooperation between union locals and the important
work of local labor coalitions. Recognizing the importance of Centralized
Collective Bargaining, we suggest that strengthening these coalitions and en-
couraging union locals to support, rather than bid against, each other could have
a similar effect in areas where bargaining occurs on a more localized level.
When controlling for level of Traditional Union Density, the Consumer Price Index again had a significant negative effect on Union Density for countries with low and medium Traditional Union Density, but not for those with high levels of Traditional Union Density. We suspect that the reason for this is that in countries with traditionally high union densities, there is less of a ‘free rider’ problem, as a much greater percentage of the workforce is already organized and ‘open shop’ legislation is less likely. The unions in these countries may be a source of power in times of inflation and may be able to bargain for real wage increases while in countries with a lower traditional union density, it may seem to benefit the worker more to save money by not paying union dues and try to face the inflation on his or her own. Though previous studies have shown a positive relationship between inflation and union density, our analysis suggests a different pattern, possibly due in part to the ‘free rider’ problem, as other researchers have argued for earlier time periods in the US (Booth, 1985; Booth and Bryan, 2004). While the task of reversing so-called ‘right to work’ or ‘open shop’ laws that may be causing the ‘free rider’ problem is daunting, we suggest that labor unions try to recruit members based on incentives other than higher wages such as member benefits. ¹

One of our most interesting findings is the presence of Corporatism as a positive significant predictor across all three levels of Traditional Union Density. This finding suggests that as a country becomes more corporatist, union density will increase. In a more corporatist nation organizations such as labor unions have a greater national presence and voice in legislation.

There are several policy implications that can be drawn from this finding and used for evaluating and predicting union densities. As we argue that corporatism increases national recognition and exposure of labor unions, this implies that publicizing unions and their concerns more widely could increase union densities and support for labor unions. In low traditional union density countries, such as the US, labor movement campaigns and publicity are too often directed towards those who already support labor rather than the general public. Likewise, some of the most successful organizing campaigns in the US, such as those of United Farm Workers and Cesar Chavez, have relied heavily on public support. While a corporatist government may seem an overly ambitious goal to many people working in countries with low union densities, the strategies of first creating a national presence and obtaining wide public support may be more attainable.

In making this argument, we realize that critics might suggest that linking corporatism to an increase in union density in this way reflects an incorrect causal ordering. Some analysts might suggest that it is impossible for a country to become more corporatist without first attaining a high level of union density. We instead argue that it is possible for labor organizations to use corporatism and corporatist themes to increase their membership, visibility, and power. An example of this is Tattersall’s (2006) case study of the New South Wales (NSW) Teacher’s Federation, which waged a highly successful public relations and community coalition building
campaign. Instead of waiting for their membership to increase before entering the national sphere, the NSW Teacher’s Federation gained public support and recognition through media campaigns and earned a voice in legislation and school curriculum decisions. We believe examples like this demonstrate the possibility of gaining national recognition while moving towards a more corporatist society as the catalyst for increasing union membership rather than the end result.

CONCLUSIONS

We have presented evidence suggesting that corporatism has a positive effect on union density, have discussed the implications of the free rider problem in connection with the relationship between inflation and union density, and have explored the conditions under which striking and centralized bargaining are likely to have the greatest (and least) impact on union density. Our results suggest that concerns over globalization are not as crucial to union densities as many analysts have suggested. This is particularly true of Foreign Direct Investments, which was not a significant predictor in any of our models. Instead of focusing money and efforts solely on fighting globalization, our study suggests, or more accurately, is consistent with the logic of those who argue that a case can be made to develop a powerful national labor voice, to support local labor coalition building, and to move forward with benefits-based recruitment campaigns, particularly in areas where there may be a ‘free rider’ problem due to open-shop legislation.

Our findings contribute to the wider discussion of declining union density and provide alternate ways of thinking about reform in the organized labor movement. The national recognition and influence of unions in corporatist nations allows for greater workplace access, better relationships with employers, and better bargaining arrangements. Additionally, focusing on benefits available to union members provides a new attraction to the labor movement at a time when union wages are spread to non-members, and local coalitions encourage unions to support each other and pressure employers on a level inaccessible to individual unions. The quantitative cross-national data we have analyzed and the case study evidence that we have presented offer some ideas that may be of use to organized labor in its effort to reverse the trend with respect to union decline.

APPENDIX

DATA SOURCES

<table>
<thead>
<tr>
<th>Variable</th>
<th>Data source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strike Activity</td>
<td>International Labor Organization (1980 and various years)</td>
</tr>
<tr>
<td>Union Density: all countries except Ireland and New Zealand</td>
<td>Golden et al. (2006). Densities for year 2005 were calculated according to ILO data</td>
</tr>
<tr>
<td>Foreign Direct Investment and Trade Openness</td>
<td>International Monetary Fund (1980 and various years)</td>
</tr>
<tr>
<td>All other variables</td>
<td>OECD (2006/2007)</td>
</tr>
</tbody>
</table>
NOTE

1 Joelle Sano is currently working with the Office and Professional Employees International Union (OPEIU) on a recruiting model based on publicizing union member benefits and discounts in the ‘Right to Work’ states. Though the project is in its early phases, OPEIU has seen an increase in membership in the locals where it has utilized this model.

REFERENCES


Visser, J. (1986)

Visser, J. (1992)


---

**Joelle Sano** is a PhD candidate in the Sociology Department at Boston College in Chestnut Hill, MA and an Adjunct Professor in the Sociology Department at Villanova University in Villanova, PA. Her current research areas include labor movements, sociology of education, and social stratification. She has worked as a research consultant for several labor unions most recently including the Office and Professional Employees International Union (OPEIU). Her forthcoming dissertation will focus on Teacher’s Unions in the United States. Address: Department of Sociology, Boston College, Chestnut Hill, MA 02467, USA [email: sanojo@bc.edu] and Villanova University Saint Augustine Center, Room 204, 800 Lancaster Avenue, Villanova, PA 19085, USA.

**John B. Williamson** is a Professor of Sociology. He is in the Department of Sociology and affiliated with the Center for Retirement Research and with the Center for Aging and Work also at Boston College. He has done a number of cross-national studies based on country-level aggregate dated dealing with such issues as: inequality, corruption, suicide rates, spending on public pension programs, and a variety of social welfare output variables such as physical quality of life, child mortality, maternal mortality and life expectancy. He has also written extensively on comparative old-age security policy. Address: Department of Sociology, Boston College, Chestnut Hill, MA 02467, USA. [email: jbw@bc.edu]