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Union Organization in Great Britain

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Abstract
Union membership and density in Britain has experienced substantial decline since 1979. The fall in private sector membership and density has been much greater than in the public sector. The size of the union sector, measured by employer recognition, has shrunk. Membership decline has been accompanied by financial decline. Much of the decline occurred before 1997, under Conservative governments. Since 1997 and the return of a Labour government, the position has in some respects stabilized. Currently, unions have a substantially reduced economic impact, but a continued, if limited, role in workplace communication and grievance handling, often as part of a voice regime including non union elements.

Keywords: British trade unions, union structure, union membership
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Introduction

In broad terms, the story of union organization in Britain since 1980 is one of decline. The pivotal year was 1979, when union membership and density in Britain peaked at over 13 million and 56 percent respectively. More subjectively, union political power was then very strong and union issues were central to national elections in 1974 and 1979. Regardless of the measure of union organization one takes – and we will discuss several below – there is less of it in 2005 than in 1979. The pattern of decline is complex and non linear. Industrial change and government policy – and their interaction – have been important. The most severe decline in membership and density occurred in the 1980s. In some respects, the period since 1998 has seen slight improvement in unions' position, both politically and economically.

Herein we describe and explain this pattern of change. The paper is structured as follows. First, we describe the pattern of change in membership, composition, and the structure of unions. As discussed in Section II, Britain has a decentralized industrial relations system, and there are considerable data on establishment-level changes in union organization. Second, in Section III, we look at the legal and political environment and we argue that governmental changes and closely associated changes to industrial relations legislation are important factors in union decline. An important feature of changes in union behavior during the period has been the decline in the union wage premium and the disappearance of the strike weapon from an economy once regarded as strike prone. Section IV assesses the current state of the union movement and looks forward.

There are several key data sets. The most substantial is the recurrent Workplace Employment Relations Survey covering the period 1984-2004. In addition there are repeated labor force and social attitudes surveys and a set of reporting requirements that generate membership and financial data. The main features of these datasets are described in Appendix 1.

2. Union Membership in Britain, 1980-2004[1]

The Aggregate Picture

Union membership in Britain climbed rapidly during the 1970s, fell from 1980 and began to rise again at the end of the 1990s. Since the turn of the century, there has been a slight decline. Figure 1a distinguished affiliates of the Trades Union Congress (TUC), still the largest apex organization, from all unions. Figure 1b shows a very similar curve for union density.

Part of the explanation for the membership turnaround from 1980 was the sharp rise in unemployment which began that year (Kelly, 2005). A trigger for the unemployment growth was the shakeout of labor in the heavily unionized manufacturing sector. In 1979 there were just over seven million employees in manufacturing, but by 1992 the number had fallen below four million (Blyton and Turnbull, 1998: 49). Employment expansion occurred primarily in private services where union density has always been lower than in manufacturing or the public sector.

[1] Government data on unions and related matters are sometimes collected on a Great Britain basis, i.e., excluding Northern Ireland, and sometimes on a UK basis, including it. Where we use the term "Britain" we are using the GB basis and where "UK" we are vincluding Northern Ireland.

However, by the later years of the 1990s, the situation had changed significantly in ways that should have favored a significant resumption of membership growth. Unemployment had begun to decline again from its 1993 peak of 10.5 percent to reach just 5.2 percent in 2002 and 5.0 percent by June 2003. Job losses in manufacturing continued throughout the 1990s, albeit at a slower rate than in previous years, but public sector employment actually rose by 149,000 between 1998 and 2000, primarily in health and education (Bach and Winchester, 2003: 294; Bryson and Gomez, 2002). Union membership, however, did not recover.

The composition of the union movement in 2004 reflects this pattern of employment shift. Public sector union membership is larger than private sector. Density in the public sector as a whole is approximately 60 percent and in the private sector it is approximately 20 percent (Fernie, 2005; 1). This underestimates the private sector membership loss in that privatization of highly unionized transport and communications businesses and energy and water utilities "boosted" private sector membership in the 1980s and 1990s. Metcalf (2004) estimates that without this input private sector density would have been 16 percent in 2004. Occupationally, density is highest (48 percent) in professions primarily employed in the public sector, such as teachers and nurses. Density rises sharply with job tenure but gender or ethnicity variances seem absent (Fernie, 2005, 3). There are two sorts of age effect – age of workplace and age of worker. Machin (2000, 2003) uses WERS data (Appendix 1) to show that union recognition and density are lower in newer workplaces. Using the Labour Force Survey (Appendix 1) he shows that older workers are more likely union members than younger workers (Freeman and Diamond, 2003).

Structurally, the British trade union movement has changed substantially (Table 1). A long term decline in the number of British unions predates the onset of membership decline from 1980 (Willman et al, 1993) a decline that has continued apace. The number of British unions fell by 56 percent between 1980 and 2004 (Willman and Bryson, 2006). This reduction has not been primarily union disbandment but mergers between large unions and absorption by them of smaller ones. Membership concentration has increased: over 80 percent of union members in 2004 were in unions with over 100,000 members. Most large unions have remained within the national apex organization, the TUC; of the 13 unions with over 100,000 in 2004, 11 were TUC affiliates and the two which were not, the British Medical Association (doctors) and Royal College of Nurses, had never been so. However, merger growth aside, these largest unions are not growing, and the 50 percent of TUC affiliates reporting growth in the 21st century are typically small to medium sized (Willman, 2005, Kelly, 2005).

By historical standards, the modern British trade union movement is poorly resourced (Table 1). Willman (2005) estimates union reserves at 1.06 of annual expenditure in 2004 compared with historical averages of 3.55 for the period 1950-1970, 1.28 for the membership decline years of the 1980s and 1.12 for the 1990s (2005: 50). Some of these changes are compositional, reflecting the decline and disappearance of older and richer craft and industry unions. However, there is also an income issue. Most large unions collect less than $150.00 per annum in dues from each member, and no large TUC affiliate covers expenditure from membership income alone (Willman and Bryson, 2006). This subscription shortfall reflects a very low per member yield as a proportion of average earnings when international comparisons are made and may follow from inter-union competition. Although membership concentration is high, the merger process that generated large unions also generated overlapping job territories, and there is no evidence in Table 1 of any financial benefits for unions emerging from membership concentration (Willman, 2005).

Establishment Level

Using WERS data, Table 2 shows change by sector in union recognition at the establishment level and disaggregates the broad pattern. In manufacturing the decline was more severe in the early part of the period, with the last survey period showing a slight improvement, as discussed below. In the public sector, the decline was confined to the period to 1990. In private services, by contrast, the union coverage figures continue to plunge throughout. The expansion in private service employment throughout the 1990s is significant. In 2004, 39 percent of all establishments had trade union recognition, the figure raised by substantial public sector presence.

In reviewing the broad WERS data on unionization to 1998, the principal analysts argue for shifts in causation. Millward et al (2000: 151-2) conclude that, "the decline in the closed shop and strong management endorsement of membership were the main reasons for the fall in mean union density in unionized workplaces between 1984 and 1990." But the picture is "quite different" for the period 1990 to 1998 when "employees appeared to have lost their appetite for unionism." In a nutshell, in the 1980s unions lost the support of government and managers, whereas in the 1990s "they also lost the support of many employees."

Table 3 is relevant to the first proposition and uses updated information to indicate two legislative effects. The first and more pronounced is the decline in the closed shop -in effect compulsory union membership - in the 1980s as it was outlawed. The second noteworthy point is the rise in management recommendation of union membership in all sectors after 1998 that may reflect the passage of legislation offering under certain circumstances a statutory route to union recognition, as we discuss in more detail below[2]. The second proposition is that in the 1990s employee disaffection was a cause of union decline. This argument is in part sustained by the pattern of membership loss in the 1990s when loss of union density under collective agreements was substantial.

These issues – managerial and employee attitudes towards unions – are significant given the highly voluntary nature of union membership in Britain and are worth exploring further. During the period of union decline, the generator of non unionism in the private sector was primarily ecological, i.e., it was due largely to a closure of unionized establishments and the opening of non union ones. There was a relatively small amount of de-recognition, i.e., employers throwing unions out which may be related to a specific and enduring feature of industrial relations in Britain, namely the ability of employers to mix union and non union representation and consultation at the establishment level. Bryson et al, (2004) show that, even where union recognition remains, many establishments have shifted to a mix of union and non union "voice." Union only voice regimes are rare by the end of the period, but "dual" voice regimes are common. On employee views, data from the British Workplace Representation and Participation Survey (Appendix 1) show that substantial numbers of employees want representation that is both collective and in dialogue with employers. Employees also value independence (Diamond and Freeman, 2001). Many also favor a mix of union and non union representational forms (Gospel and Willman 2003, 158-9). Perhaps the pattern of low de-recognition and falling membership under collective agreements reflects preferences of employers and employees for mixed-voice regimes without compulsory union membership and the ability of employers to construct such regimes (Willman et al, 2006a; 2006b).

[2] The question wording was changed fundamentally in 2004. Managers were no longer asked about the presence of a closed shop while the definition of a "strong recommendation" of membership is based on the new questions: "Do managers actively encourage union membership or union recruitment at this workplace?"

Table 4 and Figure 2 raise two further important points about Britain. Table 4 provides information on management attitudes about union membership in 1998 and 2004 using WERS data. Approval of unions is higher in establishments where unions are present than where not and higher in the public than in the private sector. Where unions are present, approval is rising. However, another feature of Table 4 is the triumph of neutrality. Managers in Britain who do not deal with unions are more likely to be indifferent than opposed and, indeed, opposition is relatively rare.

Table 4 may be interpreted positively from the union perspective. However, Figure 2 shows one effect of the long period of union membership decline, detailing the experience of unionization of the British work force. There has been no rise in the percentage of all employees who are ex-members. Ex-members account for about one-fifth of employees; this is not increasing, indicating that no major hemorrhaging of members is taking place. But, if unions could stem out-flow, the stock of members would rise. However, what is perhaps still more disconcerting from the union perspective is the big rise in the percentage of employees who have never been union members ("never-members") from around one quarter of employees in the early 1980s to one-half by the turn of the century. This indicates an inability to reach a growing segment of the British work force (Bryson and Gomez, 2005). Recruitment of never-members could be very resource intensive and, resources are clearly in short supply.

3. Government and Law

Events in 1979 ensured that industrial relations in general and union behavior in particular were central to Britain's political agenda during the 1980's. The winter of 1978-1979 was characterized by several public sector disputes disrupting essential services, and in the election of May 1979 the incumbent Labour government was defeated by a Conservative opposition keen to reform collective labor law in particular. In what Taylor (2005: 191) has described as a "step by step" policy, successive Thatcher governments addressed several perceived legal protections for union organization. The lawful scope of industrial action was curtailed by restricting the legal immunities trade unions enjoyed when they induced members to breach employment contracts. In addition, ballots of members were required prior to strikes. The closed shop, securing 100 percent union membership under collective agreements, was outlawed. In addition union members gained a number of rights to due process *within* union governance structures. Wages councils, which were effectively sector-based minimum wage regulations, were abolished. Looking back from 1990, Freeman and Pelletier (1990) argued that these labor law changes had a substantial and negative effect on union density.

However, understanding the full impact of these changes requires reference to the industrial policy context. In the public sector, the privatization of utilities and nationalized industries, the contracting out of services and the introduction of compulsory competitive bidding were pursued from the 1980s onwards. Educational and health service reforms decentralized service provision. In the private sector, state subsidies were abolished in many sectors. Exchange controls disappeared. Financial services were deregulated, liberalizing capital and product markets. The role of government as employer diminished. All these measures raised union organizing costs, diminished bargaining power, and reduced the costs of employer opposition. The decade was characterized by large public sector disputes, most notably in mining in 1984 -1985, but these did not substantially affect the direction of industrial policy.

Industrial policy changes had substantial industrial relations effects but as Taylor (2005: 189 - 91) among others has argued, they did not fundamentally alter the guiding principles underpinning union activity in Britain. Historically, although linked financially and politically to the Labour Party, British unions had not, as elsewhere in Europe, formed social partnerships within agreed regulatory frameworks (Hyman, 2001). The Labour Party had been established to secure union freedoms to engage in collective bargaining and the so called "voluntarist" system emerging in post-war Britain was primarily based on a set of collective immunities from prosecution for strike action combined with legislation to facilitate union organizing - such as the closed shop (Clegg, 1979, Kahn-Freund, 1972, Gospel, 1992). The "Thatcherite" strategy worked with the grain of this system but systematically increased labor market competition while removing legislative props for union activity.

Two important points can be made. First, the trade union response to these changes was to urge a Labour Party in opposition that was increasingly wary after the events of 1978-9 of its close relationship with trade unions to reinstate legal support and immunities for union activity (McIlroy, 1998; Hay,1999). Second, although subsequent Labour governments have not responded to this pressure, the legal framework for union activity remains fundamentally voluntarist. The major challenge to this voluntarism is the requirement arising from membership of the European Union (EU) to implement Directives designed to harmonize labor market practices across the union. The legislative changes since the election of a Labour government in 1997 may be understood in terms of this "moderated" voluntarism.

The overall approach has been described as "fairness and flexibility" (Kilpatrick, 2003; Dickens and Hall, 2003) which in practice means the setting, on the one hand, of minimum standards for employees and, on the other, the avoidance of measures which would constrain labor market flexibility and competitiveness. As a result, there is little new collective trade union law. However, the employment standards legislation has union implications.

The main standard introduced was the National Minimum Wage (NMW) in 1999, affecting 1.1 million workers on introduction (Dickens et al, 2005: 18). Predictably, it has led to truncation of the wage distribution at the lower end, but little impact on employment levels has been detected. British unions had lobbied for the NMW with Labour in opposition and have sought since its introduction to secure compliance (although the main enforcement duty is with the tax authorities) and to ensure that subsequent hours reduction or benefit erosion did not occur among affected union members (Dickens and Manning, 2004; Dickens and Draco, 2005)[3].

Several other pieces of standards legislation originate in European Directives. The European Working Time Directive, setting a maximum 48-hour week and a minimum of 4 weeks holiday for each employee has been implemented. However, individuals may opt-out of the hours ceiling by agreement with employers, and the rate of opt-out is high. No opt-out of the holiday minimum is available, and average holiday entitlements may have risen slightly (Dickens et al, 2005). There are also standards for the treatment of part-time and fixed-term workers and for parental (including paternity) leave, again originating in EU Directives.

Many commentators have noted the individualistic rights-based thrust of post-1997 legislation, but given the attempts of British unions to organize their ways into sectors characterized by the part-time, low-paid, and female employees to whom these standards

[3] Since the establishment of the NMW most union members have been paid approximately £1 per hour [i.e. about 20%] more than the NMW (personal communication from David Metcalf).

largely apply, they have become relevant to union organization (Heery et al 2002). Brown et al (2000: 627) have argued that employer compliance with individual rights legislation is higher where there is union presence, suggesting that collective procedures guarantee individual rights. There is some evidence for this for rights to paid leave and job sharing arrangements (Budd and Mumford, 2004). Moreover, in areas such as the control of discrimination in employment British law remains rooted in fault-based enforcement rather then the dissemination of positive duties on employers and, arguably, the former provides a simpler basis for union-led grievance handling (Fredman, 2001).

The most significant piece of collective employment legislation since 1997 has been the reinstatement of a statutory route to union recognition in firms of over 20 employees. A trigger level of 10 percent membership generates a claim to a government body, the Central Arbitration Committee (CAC) which may adjudicate on the bargaining unit and call for a ballot. There are legal duties on the employer to co-operate and a target of 40 percent employee support for the union to secure recognition. The CAC retains enforcement powers should the employer not bargain with a union achieving the required level of support (Wood et al, 2002).

The volume of claims is not high and is dwarfed by the number of voluntary recognition agreements. Analysis of the industrial distribution of CAC claims indicates that they focus primarily on infill recruitment in unionized sectors rather than on the non union sector (Moore 2005). However, there is some evidence that the overall level of voluntary recognition, particularly in the period after the legislation took effect in 2000, has increased as the legislation casts a shadow over employers who are approached about recognition by trade unions (Gall, 2004; Heery and Simms, 2005).

This limited Government response to the union legislative agenda reflects a more distant relationship between the Labour Party and British unions than existed at the start of the period (Hay, 1999). The financial relationship is maintained, with unions providing substantial funding for the Party, although several large unions have disaffiliated. The Labour government's commitment to the growth of the public sector in the last five years has been both aligned with unions' public policy agendas and beneficial for union organization. As Taylor (2005: 198) notes, unions' place at the high table of government policy making evident 50 years ago has disappeared; the role of the apex organization, the TUC, has changed (Marsh, 2002).

4. The Impact of British Trade Unions

Having discussed structure and legislative change, we now turn to the effects of British unions across the period. The main dependent variables are wages, employment, productivity, and financial performance. The evidence is largely consistent, pointing to a waning influence of British trade unions consistent with the evidence of Sections II and III.

Wage Premia and Wage Dispersion.

The most extensive discussion of the union wage premium in Britain is Blanchflower and Bryson (2003: 2004) who use LFS data to argue that the evidence for the 1980s and early 1990s for Britain was that the mean union wage gap was approximately 10 percent (2003: 203) on an hourly basis. As Table 5, covering the period 1993 - 2000, shows, it subsequently fell for all illustrated employee categories. However, the extent of decline varied, and the benefits from union membership were very different for different categories in 2000. For male employees and for the manufacturing sector, the premium is negative. For the private

sector as a whole, it is small. However, for female employees as a whole, for manual workers and for part-time employees the union wage premium is still in excess of 10 percent. Metcalf et al.'s analysis (2001: Metcalf, 2005: 103) using different employment categories, shown in Table 6, reinforces the implication that unions are better at protecting low earners and that union activity compresses pay structure between genders, ethnic groups, and between the able and disabled. Metcalf argues in particular that union effects on the gender pay gap (2.6 percent) is greater than that of the introduction of the national minimum wage, which he estimates at 1 percent (2005: 102). He extends what he terms the "sword of justice" argument about union impact by arguing that union presence is positively associated with family-friendly workplace policies and a reduction in industrial accidents (Bewley and Fernie, 2003; Litwin, 2000).

Employment

There are at least two ways of looking at union effects on employment using WERS data: differential rates of closure of union and non union establishments and employment growth rates in surviving establishments in the two sectors.

The WERS data from 1980 - 1998 allow tracking of establishment closure rates by union status. For this whole period, there appears to be no significant difference between union and non union establishments. In the 1980s (1990s) the annual closure rate was 2.5 percent (1.9 percent) in non union establishments and 2.3 percent (1.8 percent) in union establishments (Metcalf, 2005: 98). These are raw closure rates. Using more sophisticated modeling, Bryson (2004a) finds for the period 1990 - 1998 that union presence increases the probability of workplace closure by 7 percent, although the result is sensitive to the precise definition of closure. Interestingly, he finds the effect more pronounced where unions are weak (i.e., low membership density) leading to the argument that the link to closure is not through impacts such as the wage premium but rather to the ineffective provision of union voice.

Bryson (2004b) has also examined differential employment growth rates for 1990 - 1998, finding that unions have a negative impact on employment growth of between 3 percent and 4 percent depending on the estimation method. He finds the negative impact greater in the private service sector overall than in private manufacturing (2004b: 483). Looking at the same data over the longer period, Millward et al. assert strongly that this relationship is causal and that "unions were still acting to depress workplace employment levels in the 1990s, as they had done in previous decades" (2001: 16). Metcalf (2004) notes that for this to be true as the union wage premium falls implies that the employment penalty for any given wage premium must have grown, which is consistent with increased competition in both financial and product markets.

Productivity and Financial Performance

The evidence on productivity and financial performance effects indicates declining union impact. Metcalf's (1990) classic study of manufacturing indicated that the negative impact of union presence on productivity was disappearing by the mid-1980s. Card and Freeman (2004) investigated the whole economy and dichotomized their period around the "reform" year of 1979; they argue that the negative union productivity gap was eliminated between 1979 - 1999, accounting for a 4.3 percent gain in average productivity during the period. The most recent study (Pencavel, 2004) confirms that there is no longer any difference in productivity performance between union and non union workplaces. An exception is that

establishments with several unions and fragmented bargaining – only 7 percent of all workplaces in 1998 – are still at a disadvantage (2004: 219; Bryson et al., 2005).

A similar picture of declining impact emerges regarding the effects of unions on financial performance. Metcalf (2005: 95) argues that the literature on the 1980s shows pervasive negative impact on firm profitability. More recent studies, in which the dependent variable is financial performance compared to identified competitors, show weak relationships. Metcalf notes a mild negative effect among establishments identifying few competitors, whereas Pencavel's (2004) results repeat the negative effects of multiple unionism noted above. On average, both find no association.

Strikes

Table 7 shows UK (i.e., including Northern Ireland) strike statistics for the period 1981 - 2004. The predominant feature of the Table is the long-term decline both of stoppage numbers and working days lost 1981 - 2000. Large-scale public sector strikes in the 1980s often protesting liberalization or privatization largely disappeared in the 1990s which display, both historically and by international comparison, low strike rates. The period 1981 - 1985 stands out as high conflict but is dominated by the 1984 - 1985 miners' strike which accounts for approximately half of the working days lost in the five-year period. Given the scale and publicity surrounding this dispute and the impact of the defeat of the National Union of Mineworkers on industrial relations in Britain, it is speculative but not implausible to suggest it had a long-term effect on strike statistics in that it demonstrated that the then government was prepared to pursue its privatization policy to conclusion (Adeney and Lloyd, 1986).

Nonetheless, during this period public sector strike activity was in most years higher than private sector, and this is important for the slightly higher rates observed in 2001 - 2004. Between 1998 and 2004, public sector employment expanded by over half a million in Britain, following a surge of government investment in public services after the change of government in 1997 but particularly after Labour's second election victory in 2001. By 2004, British strikes had become largely a public sector phenomenon. In 2004, 91 percent of working days lost occurred in public sector strikes. A further 5 percent occurred in the transport sector, reinforcing the fact that the manufacturing sector, historically the home of Britain's "strike problem" in the post-war period (Durcan et al., 1983), is largely strike-free.

In summary, on several measures of impact and particularly on negative economic impact, the union movement in Britain has declining effects. It appears to have few negative effects on firm performance in the private sector; public sector unionism requires different considerations and we will return to it below. Wage premium data indicate that unions may help low-paid or otherwise disadvantaged workers. There may be effects on improving the quality of the workplace.

Taken with the evidence of the previous sections our analysis shows a massively changed picture of union organization in Britain between 1980 - 2004. "Decline" would be perhaps the most appropriate single descriptor, but the pattern of change carries greater complexity than this, and in the final section we disaggregate the picture in an attempt to understand the current situation better and to look forward.

5. The Future of British Unions

In this section we address several issues. First, we look at the very different patterns of change in public and private sector unionism in Britain and assess their implications. Second, we consider the influence of membership of the European Union on UK unions. Third, we

look at the policies and practices of UK unions as they attempt to improve their membership performance. The link between these three apparently disparate concerns is their centrality to attempts by British unions to "revitalize" the movement.

There may be a clear distinction between public and private sector employment which permits calculation of different density figures for the two sectors, but in Britain the distinction between public and private sector *unionism* is organizationally much less clear. All ten of the largest TUC affiliates have members in both sectors. A long-term driver for this has been the tendency of British unions – particularly craft unions – to organize irrespective of sector. However, more recent and more rapid drivers have been, first the privatization process which puts employees organized while in the public sector into the private and, second, union mergers which have followed no clear sector or industrial logic (Willman 1996, 2005). Between 1984 and 2004 private sector union presence (Table 2) fell by 34 percent and public sector by 11 percent, so unions with public sector members were from a portfolio point of view hedged slightly against the losses in the higher risk sector.

However, this hedging was limited. If one looks at changes in public sector membership an interesting pattern emerges. Large manual unions in the public sector have in the 1990's tended to lose members. Professional unions have grown. Consider two examples: Unison, the largest manual union in the public sector and one with very low private sector exposure lost 11 percent of members between 1992 - 2002 whereas the five largest teaching unions together registered a 28.5 percent increase during the same period (Bach and Given, 2004). Non TUC affiliates, such as nurses and doctors unions, also grew. Employment trends may be important here. For example many manual jobs have been subcontracted out of the public sector, while professional employment has expanded over this period. However, the role of professional unionism in the public sector appears also to have changed.

Large groups of professionals in the public sector have their pay determined not by collective bargaining but by Pay Review Bodies which the unions naturally lobby. The role of these unions appears to embrace status protection for professionals including protection from the public and lobbying to influence public policy on e.g., education and health. In several areas, matters such as skill dilution introduced following government reform initiatives impact union membership boundaries as well as terms and conditions, generating union campaigns (Bach and Given, 2005; Marsden and Belfield, 2005). Hence, although many manual and largely private sector unions would support expansion in welfare state provision – as would the professional unions in the public sector – in many other areas there are marked agenda differences.

Since 1984 union organization in the private sector has thus received two forms of "subsidy" from the public. The first is the transfer in of privatized members. The second is the intra-union transfer of resources from the higher density and probably easier-to-organize public sector. Despite this, the decline is considerable. Table 8, based on the WERS surveys, (Bryson et al., 2004) shows the distribution of "voice regimes" in the British private sector during the period. "Voice" is defined to exist where there is sustained two-way communication consultation or negotiation between employers and employees.

The key points are as follows. First, as far back as 1984 within the 49 percent unionized, only the minority 18 percent of establishments relied on union-only voice; the majority supplemented it with non union voice. Second, over the period, non union voice expands markedly and both dual channel and union-only voice decline; union-only voice, in particular, collapses. However, the proportion of establishments in which no voice occurs has hardly changed. Employers have not moved away from voice as defined here, just from unionized forms.

We argue further that Table 8 reveals that the dissatisfaction with union-only voice is long standing and that the peculiarities of the British system which allow mixing of voice

forms has generated a slow pattern of decline. Employers experiencing declining union membership and, as we have seen, declining economic impacts may have felt no severe pressures to remove union voice. The decline apparent in Table 8 is partly ecological, driven by plant openings and closures and partly compositional, driven by industrial change, but very little of it reflects overt union exclusion.

The second area to examine is the effect of EU membership. Equivocal about the how EU policy might affect competitiveness, Conservative governments had opted out of the EU "social chapter" – for our purposes broadly equivalent to a set of labor market regulations setting minimum standards – but the incoming Labour government in the Maastricht Agreement in 1997 agreed to opt back in, opening the way for labor market changes. Since then, EU Directives have established sets of minimum rights. Many of the EU rights have been contractual – setting minimum employment standards – but others have generated potentially collective rights, such as consultation and information disclosure or rights to union membership; none has been auxiliary to the development of collective bargaining. One view of these rights is that they are disincentives for union membership, since employees can rely on statutory guarantee rather than collective action. A contrary view is that they provide a repertoire for grievance representation which generates union joining.

From 2008, the EU Directive on Information and Consultation will require firms to reach certain minimum standards in information disclosure and consultation with employees. The standards cover the substantive topics which disclosure and consultation must cover as well as the nature of the process (Hall, 2005). In keeping with the UK tradition, enforcement is by test of adequacy of existing voluntary provisions rather than imposition of a statutory form. Employees may challenge the adequacy of existing arrangements and, if inadequacy exists, the employer must reform or face financial penalty. The legislation affects the largest firms (measured by employment) earlier, subsequently being extended to smaller firms.

The major impact is likely to be on the "no voice" sector identified in Table 8, but the Directive will also impact unions, particularly those involved in dual voice regimes. A negative view points to the historical British union preference for collective bargaining and antipathy to involvement in consultation as predicting the progressive sidelining of unions by new statutory representative arrangements (Gospel and Willman, 2003). A more positive assessment involves the creation of such representative structures as an opportunity for unions to extend their influence just as German unions have influenced many Works Councils. The balance between substitution effect and organizing opportunity will be highly significant for British unions.

The third topic is the activities of unions themselves. The key point has been made by Kelly (2005, 80) that the period since 1997 has been a benign environment for trade unions in the form of a relatively friendly government, favorable macro economic conditions and public sector employment growth, yet membership and density have not rebounded. Unions have not been idle. There have been substantial organizing initiatives and a radicalization of union leadership intent on membership growth (Gall, 2004; Charlwood, 2004). But it may be that there are endogenous factors cementing recent decline. As in the US, resources may be inadequate to the organizing task (Farber and Weston, 2001; Willman, 2005). Moreover, in Britain, organizing resources are concentrated as is membership in a small number of large diversified unions that despite several decades of merger activity, still compete for members across overlapping job territories. This keeps subscription income down and expenditure up (Willman and Bryson, 2006).

In several previous "spikes" of union growth in Britain, new or small organizations have grown into large unions. Two examples are the growth of general unions in the 1880s and the growth of white-collar unions in the 1970s. In both cases, previously non union groups - the unskilled and white-collar respectively - came into unionism not by the

expansion of existing large organizations, but by establishing "their own" unions. For any similar spikes to occur in future, the revival of the current group of oligopolistic service providers may not be the central issue.

We close with an adaptation of Freeman and Medoff's (1984) question: what do unions do *in Britain*? In 1979, the answer would have included the substantial impact of unions on politics, firm performance, and wage premia. Their impact in these areas in 2006 is much more limited. By contrast in 2006 unions appear to do a mix of the following. First, they police the observance of individual employment rights. They appear to help those who for reasons of ethnicity, disability, or gender, suffer labor market disadvantage. They provide part, but frequently only part, of voice regimes in the union sector. In addition, in the public sector, they act as quasi-professional organizations protecting members from public policy changes.

This may be a stable position; union membership has changed little since 1997. However, the stability may be illusory. The period has, as we have noted, been politically and economically favorable, and one in which one might have expected some rebound. It may be merely a pause in a longer decline.

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TABLE 1
Union Structure and Financial Performance; All Unions, 1990 - 2004

Year	Membership (1990 = 100)	No of Unions (1990 = 100)	Solvency (Income/ Expenditure)	Reserves (Total Funds/ Expenditure
1990	100	100	1.01	1.15
1991	96.7	95.7	1.04	1.11
1992	91.0	93.5	1.04	1.15
1993	88.3	88.9	1.02	1.14
1994[a]	83.9	82.7	1.02	0.98
1995	81.9	79.3	1.02	1.08
1996	80.9	75.9	1.05	1.13
1997	79.5	72.1	1.06	1.14
1998	80.0	69.3	1.05	1.15
1999 - 2000[b]	80.5	68.4	1.04	1.16
2000 - 2001	79.3	63.8	1.04	1.18
2001 - 2002	79.0	61.6	1.02	1.12
2002 - 2003	77.1	61.0	1.01	1.08
2003- 2004	78.9	60.4	0.99	1.06

Source: Certification Office returns.
Notes
[a]Affected by an 18 month return from UNISON following formation through merger.
[b]Move from calendar to fiscal year.

TABLE 2

Percentage of workplaces with 25+ employees recognizing unions, 1984 - 2004

	1984	1990	1998	2004
Manufacturing	56	44	28	37
Services	44	36	23	20
Public Sector	99	87	87	88
All	66	53	42	39

Source: Workplace Employment Relations Survey series.

TABLE 3

Incidence of the Closed Shop and Management Endorsement of Union Membership in Unionized Workplaces, by broad sector, 1980 to 2004

	1980[a]	*1984*	*1990*[b]	*1998*	*2004*[c]
All establishments					
Closed shop	36	28	8	2	..
Strong recommendation	..	30	34	21	41
Private manufacturing					
Closed shop	46	33	15	7	..
Strong recommendation	..	22	29	7	14
Private services					
Closed shop	38	27	7	1	..
Strong recommendation	..	22	25	7	37
Public sector					
Closed shop	29	26	5	1	..
Strong recommendation	..	37	42	31	48

Source: WERS. Figures for 1998 may differ from Millward et al. (2000: 147) due to a reworking of the weights for 1998.

Bases: all establishments with 25 or more employees recognizing trades unions, excluding those with missing data.

Notes: [a] Information on whether management strongly recommended union membership was not collected in 1980. [b]Missing data only affected a small number of cases in all years except 1990 when, due to a design fault in the questionnaire, 102 unweighted cases were inadvertently skipped around the question. In 1990 a further 34 cases did not answer the question. [c]The question wording was changed fundamentally in 2004. Managers were no longer asked about the presence of a closed shop while the definition of a ‘”trong recommendation” of membership is based on the new question: “Do managers actively encourage union membership or union recruitment at this workplace?”

TABLE 4
Management Attitudes to Union Membership at their Workplace 1998 - 2004

	All, 1998	All, 2004	1998 Private	2004 Private	1998 Public	2004 Public	1998 Private Union	2004 Private Union
Not in favor	18%	17%	23%	20%	1%	3%	5%	3%
Neutral	57%	62%	64%	69%	30%	27%	51%	45%
In favor	26%	22%	14%	11%	69%	70%	45%	52%

Source: WERS98 and WERS04, workplaces with 10+ employees. Managerial respondents were asked: '"How would you describe management's general attitude towards trade union membership among employees at this establishment? Is management … in favor of trade union membership, not in favor of it, or neutral about it?"

TABLE 5

Disaggregated Estimates for the Union Wage Premium (%), 1993 - 2000

	Wage gap ave 1993 - 2000	Wage gap 1993	Wage gap 2000	Decline 1993 - 2000
All (105,112)	9.9	14.2	6.3	7.9
Male (51,544)	3.6	9.4	-1.4	10.8
Female (53,568)	15.8	18.3	13.7	4.6
Age <40 (56,527)	10.0	15.8	4.4	11.4
Age >=40 (48,585)	9.4	11.6	7.3	4.3
White (100,921)	9.9	13.9	6.0	7.9
Non white (4,191)	9.7	20.8	1.3	19.5
Public sector (29,712)	13.5	11.0	6.6	4.4
Private sector (75,000)	5.3	10.2	0.9	9.3
Manual worker (32,569)	17.0	22.1	12.7	9.4
Non-manual worker (72,490)	6.8	13.2	6.2	7.0
Manufacturing (20,491)	4.2	11.0	-2.4	13.4
Non-manufacturing (84,621)	11.3	15.1	8.0	7.1
High education (16,237)	3.8	5.5	2.2	3.3
Medium education (74,632)	10.0	15.5	4.9	10.6
Low education (13,903)	13.0	17.4	8.3	9.1
Full-time (76,968)	6.2	9.9	3.0	6.9
Part-time (27,932)	16.0	19.0	13.4	5.6

Notes: “High education” = at least a bachelor degree; “Medium education” = some qualifications below degree level; “Low education” = no qualifications. Sample is all sectors. Time coded from zero in 1993 to eight in 2000. Controls comprise 61 industry dummies, 18 regional dummies, age, age squared, 40 highest qualification dummies, 6 workplace size dummies, usual hours, 8 race dummies, gender dummy, and a time trend. Time coded from zero in 1996 to five in 2001. Numbers in brackets are sample size.

Source: Blanchflower and Bryson (2003, Table 7) calculations using pooled UK Labour Force Surveys, 1993 - 2000.

TABLE 6

How unionization affects pay structure by gender, race, health and occupation

Group	Unionized %	Premium %	Without unions, wage structure would be wider by %
Male	33	0.0	2.6
Female	31	8.7	
White	32	3.9	1.4
Non-white	32	8.4	
Healthy	32	3.9	0.5
Health problems	33	5.3	
Non-manual	32	3.0	3.1
Manual	32	12.9	

Notes: Total sample size is 16,489. Hourly pay premium associated with union membership estimated from regression equation with the following controls: age, marital status, qualifications, part-time worker, temporary worker, industry, occupation, region, public sector, workplace size, and (as appropriate) gender, ethnicity, and health. In all the regressions but one the coefficient on unionization is significant at better than 1%. Further more, in each pairwise comparison the premia are significantly different from one another at 5% or better. The method by which the last column – how much wider the wage structure would be in a notional labour market without unions – is calculated, is fully detailed in Metcalf et al. (2001).

Source: Metcalf (2005).

TABLE 7
UK Strike Statistics, 1980-2004

Period	No. Strikes	Working Days Lost [000's]	Working Days Lost [per 1000 employees]
1981-5	1274	9374	415
1986-90	840	3040	129
1991-5	255	526	23
1996-00	209	512	21
2001	194	525	20
2002	146	1323	51
2003	133	499	19
2004	130	905	34

Source: Office for National Statistics

Notes: Strikes are those in progress in the year. The employee denominator is based on mid-year employment estimates.

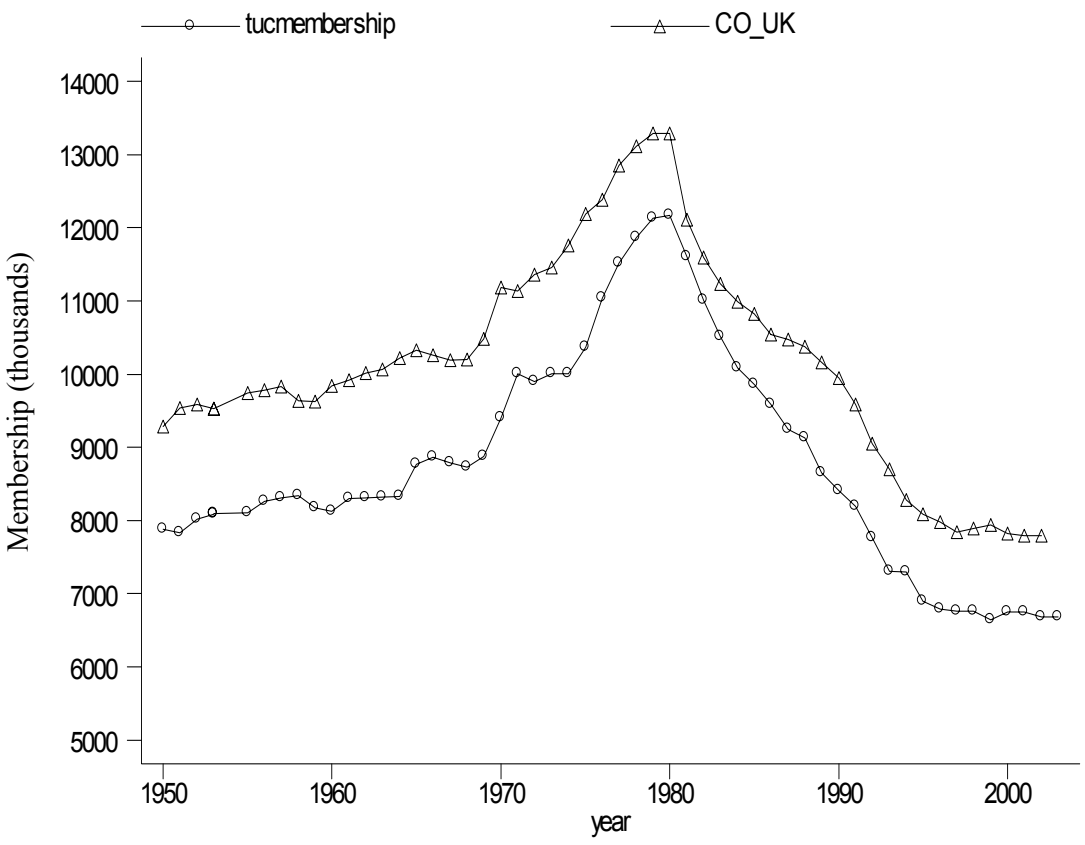
TABLE 8
Voice Regimes in the Private Sector 1984 -1998, Percentages of establishments

	1984	1990	1998	% Change
Union Only	18%	11%	6%	-66.6%
Union and Non-Union	31%	27%	19%	-38.7%
Non-union only	26%	37%	51%	+96.2%
No voice	25%	25%	24%	-4%

Source: Workplace Employment Relations Survey series.

FIGURE 1A

Membership of Trade Unions Headquartered in the UK and Membership of TUC Affiliated Trade Unions 1950 – 2002



Source: Metcalf and Charlwood (2005)

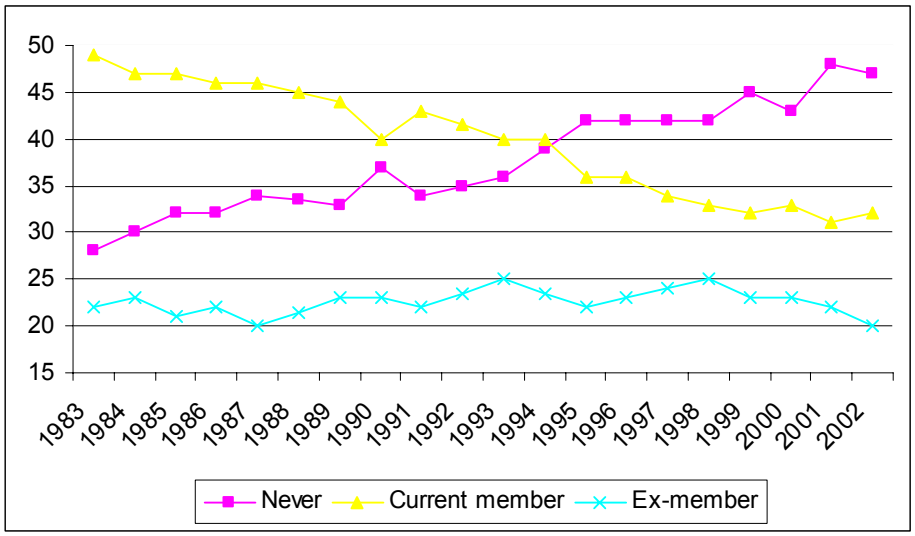
Notes: 1. tucmembership is that declared by the TUC in its annual report.
2. CO_UK is the aggregate union membership reported by the Certification Office.

FIGURE 1B
UK Trade Union Density 1950 – 2003

Source: Metcalf and Charlwood (2005)

FIGURE 2

The Rise of "Never-membership" in Britain, 1983 - 2002



Source: British Social Attitudes Surveys, various years

Appendix 1

Description of Main Data Sources

The **British Workplace Representation and Participation Survey** (BWRPS) was a 2001 survey interviewing 1300 workers in a random location sample.

The **British Social Attitudes Survey** (BSAS) is an annual (since 1983) large scale sample survey on which employment issues are covered.

The **Certification Office Returns** are statutory returns covering revenues, expenditures assets and membership for all trades unions securing their [partial] charitable status

The **Labour Force Survey** (LFS) is a quarterly sample survey of households living at private addresses in Great Britain. Its purpose is to provide information on the UK labor market that can then be used to develop, manage, evaluate and report on labor market policies. The questionnaire design, sample selection, and interviewing are carried out by the Social and Vital Statistics Division of the Office for National Statistics (ONS) on behalf of the Statistical Outputs Group of the ONS.

Strike Statistics are collected by local Employment services agencies for the Office of National Statistics and record number and duration of stoppages and working days lost.

The **Workplace Employment Relations Survey** (WERS) is a nationally representative sample survey of British workplaces. It took place in 1980, 1984, 1990, 1998, and 2004. It has a cross sectional and panel element. In 2004 it covered 2295 workplaces at a 65% response rate. Interviews are conducted with managers, union representatives and employees.

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