Is High Public Sector Unionization a Problem for the Labour Movement?

Bryce Swerhun

Public sector unionization is often discussed in terms of its consequences for the general public, for example, the loss of public services during work stoppages. Relatively little is said about the impact of public sector unionization on the labour movement itself. This article argues that discussions about the fundamental right of public servants to strike have played their course. Greater attention should be paid to the potential impact that high levels of public sector unionization could have on the labour movement’s ability to stay relevant to workers in the broader economy.

1. Perennial Problems
The legitimacy of public sector work stoppages has been debated in terms of fundamental rights since at least the mid-twentieth century, boiling down to the right of public sector workers to engage in any job action whatsoever. The result has been a long, historical conversation about balancing labour rights and the public good that has changed remarkably little over time - remarkably, because the issues at stake seem to hold the same relevance in spite of the political and economic transformations that have taken place over the same period. Should public sector workers, especially those employed to provide a service that does not have a good private sector unionization could have on the labour movement's ability to stay relevant to workers in the broader economy.

letter that former President Franklin Roosevelt sent to the President of the National Federation of Federal Employees in 1937:

“All Government employees should realize that the process of collective bargaining, as usually understood, cannot be transplanted into the public service. It has its distinct and insurmountable limitations when applied to public personnel management... Particularly, I want to emphasize my conviction that militant tactics have no place in the functions of any organization of Government employees. Upon employees in the Federal service rests the obligation to serve the whole people, whose interests and welfare require orderliness and continuity in the conduct of Government activities. This obligation is paramount. Since their own services have to do with the functioning of the Government, a strike of public employees manifests nothing less than an intent on their part to prevent or obstruct the operations of Government until their demands are satisfied. Such action, looking toward the paralysis of Government by those who have sworn to support it, is unthinkable and intolerable.”

It’s not so much the quote, but the author, that makes this favoured passage so tongue-in-cheek. Roosevelt, father of the New Deal, is often portrayed as a beacon of progressive social economics and an historical ally of the labour movement. The idea that the (nearly) spiritual leader of American labour would disparage public sector job action so unequivocally is claimed as a rhetorical ‘win’ for anti-union (or at least union-limiting) advocates. Wisconsin Governor Scott Walker, known for his efforts to severely curtail public sector union influence in the state, likened his stance to Roosevelt’s by way of this quote. The same passage can also be found in Canadian media commentaries calling for the abolishment of public sector unions. Never mind, of course, the fact Roosevelt actually gave high praise to public sector unionism, and in the very same letter no less. FDR took issue with strikes, but he believed that public sector worker should receive the same accord as private sector workers. From the letter:

“The desire of Government employees for fair and adequate pay, reasonable hours of work, safe and suitable working conditions, development of opportunities for advancement, facilities for fair and impartial consideration and review of grievances, and other objectives of a proper employee relations policy, is basically no different from that of employees in private industry.”

This historical clarification aside, previous generations’ concerns about

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1 Roosevelt, Franklin D.
the consequences of public sector job action were at the core of debates about labour rights, and very much the same worries persist today. Citizens and residents expect access to the services in which they are entitled, so a public servant is not simply a worker and the government is not simply an employer. There is no public service that cannot be seen as "essential" from someone’s perspective. Given the relative flatness of the discussion about the public sector’s right to strike, it is unclear whether the prospect of future public sector job action presents any novel challenges beyond the foreseeable disruptions that such stoppages would inevitably cause. The consequences of high public sector unionization have been established.

2. Emerging Solitudes
The consequences of high public sector unionization on the labour movement are somewhat less clear, but they should become a larger part of the conversation as unions seek to renew their standing in the broader Canadian economy. Union prevalence has dropped slowly but steadily in Canada over the past thirty years. It currently stands at approximately 31 per cent of workers, compared to a 34 per cent in the 1980’s. The numbers have stabilized in recent years, but prospects for labour re-emergence are still largely academic in nature. Another trend that is gaining attention is the public sector’s increasing share of organized labour. Whereas private sector unionized jobs have diminished (due in part to decreases in traditionally unionized industries, such as manufacturing), the share of public sector workers who are unionized has remained strong in the mid-70 per cent range. The growth of public sector jobs, particularly in industries such as healthcare, has also contributed to a strong public sector presence in the labour movement (see Chart above).

What people often overlook about the rise of public sector unionization is the speed at which it established itself. From the post-war period to the early 1980’s, public sector unions increased their membership from just forty-thousand to 1.5 million, which included a doubling of numbers between 1969 and 1973. Between 1967 (when the Public Service Staff Relations Act was passed) and 1970, the certification process took place across virtually the entire federal public service.

This early and sudden growth is significant because it reflects fundamental differences between private and public sector organizing. Simply put, it is easier to organize large workplaces. It is cheaper and more efficient to increase union ranks by organizing a workplace that has one thousand employees and one employer, versus 10 workplaces with 100 employees reporting to 10 separate employers. In this light, it comes as little surprise that unionization is sustaining the labour movement in Canada over the past forty years. Despite its success, the public sector does not provide a workable model for expanding union membership. Economics and policy context of public sector organizing are not easily transferable to the private sector. High public sector unionization is sustaining the labour movement in Canada, but it does not necessarily provide a path to renewal.

3. Holding Separate Conversations
Of course, there is more to renewal than mere growth. More members means more revenue, but Canadian unions are also seeking to increase their relevance to a broader constituency and achieve greater prominence in terms of overall messaging. Do high levels of public sector unionization complicate these objectives? There is good reason to suspect that they do.

The benefits landscape in Canada is changing, as employers transition away from defined benefit pension plans in favour of models that require workers to shoulder greater risks and costs, including defined contribution plans that expose workers to market volatility, and employer-sponsored registered plans that transfer both risk and significant management costs. However, the change is not occurring evenly across private and public sectors. Although public sector unions face challenges regarding pension reforms, public sector workers became the largest cohort of pension plan membership despite holding a smaller share of the overall workforce (see Chart on page 3).

The imbalance of pension plan membership between the public and private

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5 Shepherdson, David
6 Shepherdson, David
7 Statistics Canada
8 Rose, Joseph B.
9 Rose, Joseph B.
10 Littlemore, Richard
sectors places the labour movement in a difficult position. On one hand, public sector unions are working to defend public sector pensions; on the other, private sector unions are attempting to reach out to workers who are living in a completely different benefits landscape. Imbalances such as these are emerging as wedge issues that have the potential to complicate union renewal, especially when critics portray one group of workers as being the ‘victims’ of another group of workers. This is especially true of public pension liabilities, which are often portrayed as the consequence of a unionized public service.\footnote{Swift, Catherine} This article will not take sides on wedge issues, but it is nevertheless important to demonstrate how high public sector unionization rates can expose the labour movement as a whole to reputational risk. If unions are portrayed as representing just one sector of the Canadian workforce, it will be increasingly difficult to engage workers who face different challenges.

4. Future Dialogues
There is no shortage of differences that can be drawn between public and private sector employees, pension membership is just one example. So long as the labour movement can be characterized as a largely public sector entity, unions will have difficulty engaging in broader issues.

For example, income inequality is emerging as a significant concern for a growing list of developed countries, including Canada. A recent study by The Conference Board of Canada grades Canada with a ‘C’ on income equality, noting that it ranks 12th in a group of 17 industrialized countries for having a highly uneven distribution of income.\footnote{The Conference Board of Canada} This low ranking is significant, because income inequality is increasingly recognized as a driver of both social inequality and long-term economic underperformance.\footnote{The Conference Board of Canada} The Conference Board study quotes from a recent International Monetary Fund report: “The difference between countries that can sustain rapid growth for many years or even decades and the many others that see growth spurts fade quickly may be the level of inequality. Countries may find that improving equality may also improve efficiency, understood as more sustainable long-run growth.”\footnote{The Conference Board of Canada}

Leaders from the Canadian labour movement have spoken out against the potential long-term damage of income inequality, and have referred to additional studies that show unionization and collective bargaining are effective public policies for reducing harmful levels of inequality. A recent report from the Canadian Foundation for Labour Rights provides a strong case for the Canadian labour movement’s interest in reducing income inequality: “Traditionally, economic inequality has been viewed as a question of social justice but there is growing evidence that suggests it also hurts economic growth. The rise in income inequality is not an inevitable phenomenon. History has shown that when there is political will, problems of inequality can be tackled. During the period between the late 1940s and the early 1980s which is often referred to as the Great Compression, income inequality was reduced through government policies such as a progressive tax system, adequate levels of public spending on education, health and infrastructure, and protective labour and employment standards. As well, economic growth rates and rising standards of living exemplified this period. During the Great Compression, unions were an important partner in fighting for greater income equality. Higher levels of unionization made it easier for unions to bargain fair wages and benefits for their members. This success had spill over [sic] effect on the wages of non-union workers. In countries where unionization rates decline, inequality tends to rise.”\footnote{Sran, Garry et al}

Despite increasing attention to income inequality around the world, the composition of Canada’s labour movement could present similar perceptual challenges in public forums, as is the case with the pension membership imbalance. The reason being that income inequality is largely a phenomenon of the private sector. The greatest inequalities do not exist between workers and employers within government, but between workers and employers in private industry. Public policy certainly has a major role to play in addressing income inequality in all areas of the Canadian economy, but if the government were to act on income inequality it would be to the benefit of workers who have relatively little union representation. As the previous quotation \footnote{Sran, Garry et al} states, inequality tends to rise in countries where unionization rates decline. If the Canadian labour movement is serious about taking a role in combating income inequality, it is reasonable to suggest that disproportionately high levels of public
sector unionization presents a genuine challenge. Far too often, unions enter into futile arguments about wage gaps between public and private workers, and miss the opportunity to discuss the far larger gaps that exist within the private sector alone. However, with an increasingly diminished voice in the private sector, it could be argued that the labour movement lacks the credibility to speak on matters of income inequality.

5. Conclusion
Public sector unionization is the strongest component of the Canadian labour movement in terms of collective bargaining coverage, and it remains to be seen whether this standing will have an impact on the future of organized labour. As discussed earlier, public sector unions have always been controversial because of their perceived potential to influence or profit disproportionally from the public good. Displeasure over public sector work stoppages, and fears that public sector unions will seek to hold the public purse hostage pre-date the most significant periods of growth in public sector unionization. As such, there is little new to contribute to these discussions. However, little has been said about how high levels of public sector unionization can influence the future of labour relations in Canada, including the role that unions may play in advocating on behalf of private sector workers who are not their members. Union renewal will depend largely on improving coverage in the private sector, where unions once enjoyed their highest numbers. The question is to what extent private sector workers and unions will recognize each other should they choose to meet in meaningful numbers once again.

Bibliography

About the Author
Bryce Swerhun currently works as an applied researcher in labour relations and broader human resources, and facilitates professional conferences for senior labour relations executives from the private and public sectors. He has additional research experience and an ongoing interest in political economy. He holds an undergraduate degree in political studies from Queen’s University, a Master of Arts in political science from South Africa’s Stellenbosch University, and a Master of Public Administration from Dalhousie University.
If you would like to reach Bryce regarding this article, please email bryce.swerhun@gmail.com.

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