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## **The Political Future of American Trade Unions**

**John Burton**



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**The  
Political Future  
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American  
Trade Unions**

**John Burton**

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## FOREWORD

Few would challenge the statement that labor unions are among the most important, yet least understood, institutions in the U.S. and throughout the industrialized world. Their activities have significant and wide-ranging consequences in the economic and the political spheres, for labor organizations are not only well-financed, but are also activist. There are many myths about labor unions which persist because they are all-too-infrequently challenged and because labor organizations have such a vested interest in these myths that substantial resources are committed to reinforcing them. Moreover, misconceptions arise and flourish whenever short-term events are viewed as long-run outcomes, rather than as antecedents portending important change. John Burton's study is of crucial interest, for it addresses some of the most important myths about labor unions, exposes them to critical examination, and indicates how labor unions must, in the future, alter their methods of operation in order to survive.

The core of this work revolves around two myths: first, that unions are in a state of secular decline and, second, that American unions practice only "business unionism," i.e., U.S. labor organizations are concerned primarily with *economic* issues rather than *political* issues. While it is true that private sector unions are failing to attract and retain members, public sector unions are growing rapidly. In part, the problems of unions in the private sector may be ascribed to demographic factors (such as the changing composition of the labor force) and a shift in output (from manufacturing to services). However, Burton correctly identifies the cause of decline as competition from non-union goods and services in the traditional bastions of union strength—automobiles, steel, and rubber. In many cases, these products are purchased from foreign sources where labor costs are lower. Despite the apparent success of public sector unionism, there are ample signs that public disenchantment is growing with these organizations. The illegal PATCO strike and numerous instances of the disruption of essential services at the

## Unions' Political Future

local level of government (police and fire protection, refuse collections, etc.) have eroded public support for such organizations. In short, labor union leaders in both the public and private sectors are concerned about the future of their organizations, although perhaps for different reasons, and have strong incentives to strengthen the legislative environment in which they operate. In the past, considerable energy and resources have been dissipated by conflicts and competition among unions; if a common threat to the labor union movement is perceived, labor union leaders may put aside many of their differences and present a united, formidable front to counter the threat.

Burton makes powerful and persuasive arguments to support the contention that greatly expanded political activity on the part of American unions can be expected in the future. Unions throughout the world have long been politically active, but in the U.S., the activism was more "covert" than "overt" and was principally directed toward general elections rather than primaries. The monopoly power of unions can only be maintained through the coercive power of the state, so it is inevitable that, as this power is eroded by market forces, unions must seek additional special privileges, e.g. tariffs and import restrictions, in the political arena. There is ample evidence that this has occurred and is still taking place, although unions' successes have recently been more limited because the Reagan administration has been less sympathetic than others.

As Burton ably documents, Britain has experienced a long period of active union involvement in political activity as a separate political party. He raises the question of whether American unions are likely to follow the British model or will support individual politicians to achieve the political objectives of the labor union movement. In fact, all the evidence seems to indicate that American labor organizations, over time, will do both. Labor unions have historically rewarded their political allies and have attempted to punish their enemies. With few exceptions, their political allies are members of the Democratic Party and it is through the vehicle of the Democratic Party apparatus and individual politicians in this Party (especially those in positions of leadership) that labor union political action will be carried out. Whether the principal thrust of union action in the political arena will be sought primarily through the control of the Democratic Party organization or through the sponsorship of large

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numbers of individual politicians is a moot question. More than likely, both options will be pragmatically explored and exploited to the maximum extent. Regardless of the strategy that evolves or is adopted, the implications are ominous, for Burton's analysis clearly reveals that market forces undermine union power. If political power is brought to bear to reduce these forces, ever-greater government intervention in and control of the economy are inevitable. The consequences of such actions could be disastrous—witness the current economic situation in Britain.

In many quarters, the labor union movement in the U.S. is widely regarded as being in a state of decline and deterioration . . . undermined by its own excesses and changing economic circumstances. This view is myopic and assumes that labor unions will passively accept the continuing erosion of their membership, their finances, and their political power. No well-organized and well-financed institution can be expected to fade away without actively pursuing every feasible option to preserve its existence, at the very least, and, more likely, to ensure not only its survival, but also its growth and expansion. Burton's essay is invaluable because it identifies the political arena as the pressure point which unions must manipulate to achieve their goals. The issues raised in this study are of enormous importance and deserve the most careful consideration by all concerned with our nation's future.

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# THE POLITICAL FUTURE OF AMERICAN UNIONS

JOHN BURTON

In recent years there has been increasing discussion of a so-called "crisis of American labor."<sup>1</sup> What the discussion is actually about is a diagnosed crisis in the membership trends of the American trade union movement.

Is there such a "crisis" in the American trade unions, in any sense? Does it occur in all sectors of American unionism? And what forces have produced the current situation? Moreover, looking to the future, what are the likely responses of the union movement to the situation they now find themselves in? And what does this imply for the nature of American unionism—is it likely to retain its long-embraced mantle of "business unionism," or to evolve into some other form?

These questions are the concerns of this essay.

## Behind the "General" Trend

There is no dispute that the fraction of employees who pay dues to organizations labeled as trade unions has been in decline over the past couple of decades in the United States. The precise quantification of this apparent trend is, however, a matter open to question because "at least six different figures exist [on union membership in the U.S.A.], none of them fully reliable."<sup>2</sup> Such as they are, the figures published by the Bureau of Labor Statistics suggest that the proportion of the workforce unionized has declined from approximately one in four to something just under one in five, over the last decade. This compares with a figure of (perhaps) 28 percent unionized in 1953.<sup>3</sup>

This general picture, based on aggregate statistics, covers up an important divergence in the experiences of trade unions as between the public and private sectors. While the proportion of workers unionized certainly has been falling over the last decade in the private sector, it has been rising sharply in the public sector. As noted above, specific figures must be accepted with caution on this topic. However, according to the Bureau of Labor Statistics, in 1956 private sector union members accounted



for 24 percent of the total workforce, while public sector union members constituted a mere 1.3 percent. By 1978, private sector (and association) membership had fallen to 16.4 percent of the total workforce, while public sector members represented 6 percent. Movements in the absolute levels of membership are revealing also. Over the same time period, private sector membership virtually remained static in terms of total members, whereas public sector numbers of union members had risen by a factor of approximately six.<sup>4</sup> Some American public sector unions have seen staggering growth rates. The National Educational Association (which became a *bona fide* trade union only in the 1970s) now has a total membership of something around 1,800,000 and soon may overtake the Teamsters as the largest American trade union.

What accounts for these divergent trends in the fortunes of private and public sector unionism? The two sectors need to be discussed separately, as different forces have been at work in each case.

### Private Sector Unions

It is often suggested that the demise of private sector unionism has resulted from a large variety of largely unrelated forces that have developed over the post-war period. Changes in the composition and characteristics of the labor force combined with structural changes in the U.S. economy,<sup>5</sup> and increasing hostility of business to unionism combined with the failure of unions to take new organizing seriously,<sup>6</sup> are two of the many factors often cited.

I suggest that the decline of private sector unionism is not primarily the consequence of a large medley of unconnected and exogenous forces. The ailing organizational strength of private sector unionism is the consequence of two major forces: market processes and the legal environment. It is precisely what we would have expected to happen in a market economy, given the legislative background that has existed within the U.S. since 1947 (when the Taft-Hartley Act was introduced). This is not to deny that many other factors, as in any social situation, have impinged upon the matter. But the role of these two major forces, as predicted by economic analysis, are paramount.

Previous surges in American trade union growth have been linked to changes in the legislative environment that actively promoted union growth by reducing the costs of organizing union action.<sup>7</sup> The Taft-Hartley Act, notably the impact of Section 14(b), inclined matters the other way. To this matter we shall return later. However, the purpose of this legislation was only to speed up and encourage the workings of “spontaneous” market processes that have been long working to undermine private sector unionism. These market processes are an endogenous response to unionism; the very consequence of unionism. Thus, in a nutshell, private sector unionism has created its own demise. This matter, not widely comprehended, requires elaboration.

It is not understood sufficiently that a market economy contains within itself a process whereby all monopolies and cartels are candidates for eventual extinction. This is true even if the economy is not subject to anti-monopoly legislation (such as the Sherman Act), and even if some carteloid devices are specifically given legal privileges immunizing them from such legislation—as indeed trade unions are in America and Britain.<sup>8</sup> The nature of this mechanism is that the very attempt by any group of producer interests (labor, capitalists, peanut sellers, whatever) to raise its prices and earnings above competitive levels by collusion gives (to the extent that it is successful and to that extent only) everyone else a direct financial interest in undermining the cartel. The very attempt by any group to raise its prices by collusion creates the incentive for an entrepreneur to find a way of selling at lower prices to consumers; likewise consumers have the incentive to reward such an entrepreneur by purchasing his products. The non-members of the cartel thus have an incentive to “escape” the impact of the cartel and to discover means of undermining it. Unless the cartel can find some effective means of preventing such “escape” (such as by obtaining statutory prohibition of entrepreneurial activities that will undermine it, or the purchase of Mafia-like “protection” to achieve the same purpose), or unless it owns a completely unique resource,<sup>9</sup> attempts at cartelization carry within them, in a market economy, the seeds of their own demise.

Trade unions are in part to be seen as cartel-like institutions. They seek to raise wages of their members above competitive levels. According to the evidence they often are successful—to

a variable extent—in this purpose.<sup>10</sup> However, their very success in raising the relative wages of their members has, in the long term, set in motion the market response process outlined above. American consumers and entrepreneurs are finding successful means of evading the imposition of inflated union wages upon them.

Four routes by which this escape has been achieved are especially noteworthy. First, American consumers have turned away from purchasing union-produced domestic products towards lower-cost foreign imports. Foreign competitors now have taken substantial portions of many markets once largely supplied by domestic industries which have become heavily unionized (e.g., electrical equipment, primary metals, and textiles). Second, businesses in America have increasingly turned away from geographical locales where unionization is high, and have relocated in those areas in which it is much lower. It is primarily in the "Frostbelt" states of the U.S.A.—states such as New York, Pennsylvania, Illinois, Ohio, and Michigan—that the proportion of the workforce in trade unions is relatively high, while in the "Sunbelt" states—such as Texas, Arizona, Oklahoma—union density levels are much lower, typically less than 20 percent. In this latter region employment (especially in manufacturing) has been growing rapidly over the last couple of decades, while it has been dropping in the Northeast and Midwest.

Third, businesses may stay put but substitute types of employees who have a lower propensity for union membership. For instance, it is well known that females show lower propensity for unionization than males, and over the post-war period there have been massive increases in female employment. The unionization of female workers in fact has declined over this period, from 15 percent in 1956 to 11 percent in 1976.

Fourth, the impact of unionism provides entrepreneurs with an incentive for investing in organizational and legal measures that reduce the prevalence of unionism in their businesses. One technique is to reduce the attractions of unionization to employees by employing specialists to handle labor relations in such a way that the demand for union representation is reduced. This has been proceeding apace, apparently to the considerable dismay of the AFL-CIO. Another related technique is to invest greater resources in countering unions in certification and decertification elections held under the auspices of the National Labor

Relations Board. The clear trend over the past couple of decades is that of unions winning smaller and smaller proportions (currently, less than half) of certification elections. Meanwhile, there has been a dramatic escalation in both the number and the proportion of decertification elections that unions are losing. In 1977, they lost three-quarters of these elections.<sup>11</sup>

All of this is but the predictable response of a market economy to the attempt by particular groups of workers to rig the labor market in their sectional favor. The ebb of private sector unionism fundamentally has been caused by a market process.

The additional, contributory role of the legislative environment to the trend initiated by market processes may now be clarified. The legislative background has been important in "setting the scene" under which these market processes have unravelled; and changes in legislation at the state level have contributed to the speeding up of the processes at work.

The Taft-Hartley Act of 1947—which was enacted by a decisive Congressional majority, overriding the veto of President Truman—was in itself an important change in the legal environment of unionism. This outlawed the closed shop. Furthermore, under the Section 14(b) of the Act, individual states are permitted to pass Right-to-Work laws, permitting employees to join a trade union only if they so choose. Any state adopting such a law thus bans also the union shop arrangement, whereby a worker is forced to join a trade union if he wants to retain his job. Subsequently, an increasing number (currently 20) of states have elected to enact Right-to-Work laws, most of them in the South and West of the U.S.A. These legislative developments have reinforced the market process described above, by increasing the difficulties of trade unionization in the Sunbelt. Right-to-Work laws have encouraged and speeded the market processes that are undermining private sector unionism in America.<sup>12</sup>

### Public Sector Unions

Underlying the remarkable growth in public sector unionism is the growth of public sector employment in America in recent decades. For example, between 1955 and 1978 employment in the state and local government sectors rose from 4.7 million to 12.7 million. However, this trend in itself would not account

for the rising level of union *density* in the public sector. It is apparent that the growth of public sector unionism has been promoted actively by the enactment of public sector collective bargaining legislation by state governments. In 1958 no states had such legislation; by 1979 some 37 states possessed such legislation.<sup>13</sup> Also, it would appear to the case that since the middle of the 1960s the earnings of government employees have grown relative to the earnings of private sector employees. Moreover, these differentials appear to be unaccountable in terms of worker characteristics.<sup>14</sup>

Why have these things come about? Why do not forces operate in the political market, as they do in pecuniary markets, to contain and undermine producer group power? Here it is relevant to note three important differences between the public and private sectors.

There are many more possibilities of "escape" from producer group monopolies in the private sector than in the public sector. For example, in many cases a private sector activity is not tied to a particular location by the need to utilize unique resources. This is typically true of most manufacturing activities—textiles can be produced just as well in Texas as in New York State. However, in the case of many public sector activities, the government cannot relocate its facilities in the same manner. The New York metropolitan fire service, for example, cannot base its firetrucks in Dallas. The problem is that governments largely produce services rather than goods, and services need to be sited in locations convenient for the consumer.

The costs of most state and local governments and the federal government are financed not by prices but by taxes, which are coerced levies. Thus the consumer of government services is conscripted to payment, whether or not he consumes those services or feels that they give value for money.

There are important differences between the motivation of the political entrepreneur and that of the private entrepreneur. The latter always has an incentive to discover cost-reducing means of operation, as this will always add to profits. The situation of the political entrepreneur—the politician—is ambiguous as regards his incentive to introduce cost-saving innovations. There may be good political mileage, and substantial vote gains, to be had in a platform of "cutting the costs of government." Clearly there sometimes are—witness the 1980 election of

Ronald Reagan. However, it is also the case that there may be situations in which politicians perceive larger political profits (votes) in the introduction of cost-inflating measures. It must not be forgotten that public sector union members, and more generally public employees as a whole, represent, most especially now, an important political constituency, with the ability to reward "conciliatory" politicians with considerable blocs of votes. Thus it may be to the advantage of the political entrepreneur to offer or introduce measures which concentrate benefits on an important voting group, such as public employees, the cost of which is then defrayed over the taxpayers as a whole.

Thus while the private, profit-seeking entrepreneur always has the incentive to search for cost-reducing measures, this is not always the case with the political entrepreneur. Indeed, a public sector union itself may be seen as a form of political organization that is designed to take advantage of this ambiguity of the political entrepreneur, by appropriately rewarding him with votes.<sup>15</sup> And even where political entrepreneurs have a genuine political incentive to cut the costs of government services, they may find considerable difficulty in actually doing so, due to the informational advantages that bureaucrats typically have in dealing with politicians, and thus the ability they have to hamper such attempts.<sup>16</sup>

None of these differences between the pecuniary and political markets mean that political entrepreneurs and taxpayers are completely locked in to the purchase of high-cost unionized services in the public sector. While the service nature of much public sector activity may tie its provision to a certain locale, this does not inevitably bind political decision-makers to the purchase of unionized services in the public sector. They could contract out many of these activities—e.g., firefighting, garbage disposal, research—to lower-cost suppliers in the private sector.<sup>17</sup> However, as we have seen, in many cases it may not be to the political advantage of the politician to contract out, despite the potential cost-saving to the taxpayer. Certainly, contracting-out in the public sector to date has been extremely patchy, and well below the potential level that is indicated on grounds of cost-effectiveness. The taxpayer is not entirely locked into the purchase of high cost public sector unionized outputs. As in the market economy, those who are dissatisfied with the cost of providing public sector outputs in the political jurisdiction

in which they currently reside may move to another jurisdiction where the tax level is more attractive to them. This "voting-with-feet" process has properties analogous to that which operates in the market sector to reallocate resources.<sup>18</sup> However, the costs of voting-with-feet may be (and typically are) much higher than those involved in the escape process in the market sector. The disgruntled taxpayer in New York, thinking of moving to a lower tax locale such as Phoenix, Arizona, obviously is faced with much higher costs of "escaping" than the American consumer who switches from an American auto to a Japanese import. Thirdly, it may be possible for taxpayers to "revolt" against a coalition of politicians and public sector employees, and force down the costs of providing government services through devices such as constitutional amendments which constrain government spending and tax levels. However, the effective mobilization of such a coalition of taxpayers is by no means costless. Moreover, public sector employees may react to such imposed cuts by cutting government outputs, and expenditures on capital spending, and not labor inputs in the public sector. Finally, the cuts in public sector output may be chosen in such a way as to mobilize counter-protests by clientele groups of the public sector, with a view to splitting, or reducing the political significance, of the coalition of voters that constitutes the "taxpayer revolt."

Thus there are a variety of reasons for concluding that the impediments to the escape from monopolistic union activity are considerably higher in the public sector than in the market sector. Consequently, public sector unionism is not subject to the same continuous force of erosion as private sector unionism. Indeed, at least over a considerable long range, the forces operating in the political market may well favor the expansion rather than the persistent erosion of unionism.

In conclusion, the divergent membership trends of the private and public sector trade unions over recent decades reflect basic differences in both the nature and thrust of the complex of forces at work in these two arenas. In the private sector persistently operative market forces, reinforced by legal developments, have worked gradually to erode the organizational base of unionism. In the public sector, the thrust of forces at work in the political market evidently have worked in the other direction. The politician's demand for votes, and the supply available from members of public employee unions, combined with the costs

and difficulties of taxpayer escape from or resistance to the situation, have led to the growth of public sector unionism and the introduction of supportive legislation. Whether this favorable scenario for public sector unionism will survive in the current climate of Reaganomics and "taxpayers' revolution" is a matter to which we shall shortly return.

### The Future of American Unionism

Looking now to the future, what prospects face the American union movement in terms of its organizational strength? Will the divergent trends discussed in the preceding sections continue? And what strategies will be adopted by private sector and public sector unions in response to the situation in which they find themselves?

The difficulties of answering such futurological questions cannot be overemphasized. Attempting to forecast the future with perfect accuracy is like "acting as God": utterly impossible in the absence of Divine ability. Unforeseen developments, which have been ignored in the construction of the forecast, yet which affect the matters at hand, may occur. No amount of quantitative systems modeling and computer simulation, no amount of consultation experts, no recourse to any devices of the futurologists' trade, can obviate this fundamental difficulty of the business of forecasting.

Nevertheless some issues (such as military defense) are so important that it is necessary or valuable to form forecasts of the future, however crude and susceptible to error due to unforeseeable developments. In this context it need hardly be remarked that, despite the slow demise of unionism in the private sector, trade unions are still a highly important set of institutions, exercising pervasive influences in the American economy and polity. It is no exaggeration to say that the future of American trade unionism will in part determine the future of America itself.

The exercise in futurology here attempted takes the recent organizational history of American unionism as discussed above, and the recent changes in the American political scene, as the backdrop for scenario construction. Then, on the basis of what



seems to be plausible assumptions about the behavior of the central actors and about economic and political processes, some conclusions as to future behavior are drawn.<sup>19</sup> What emerges is a "qualitative forecast"—or some broad speculations, to be less fancy—about the likely strategic responses of American unions to the unravelling situation. As before, we shall examine the cases of private and public sector unions separately, within their own contexts.

If the constellation of forces operative in and on the private sector remains stable, then the outlook for private sector unionism is one of continued decline. With no change in the legal environment, and with market forces remorselessly nibbling away at the foundations of union power and organizational strength, the trend established over recent decades is likely to carry on towards some low-level (and unknown) point of equilibrium. Indeed, if anything, the pressures towards decline might even intensify. This is so because the (now) large number of Right-to-Work states creates considerable incentive for others to join the "bandwagon." For example, Kansas is a Right-to-Work state, while Missouri is not. This creates an incentive both for business to shift over the state line from Missouri into Kansas, and for the state legislature of Missouri to adopt Right-to-Work legislation, in order to shift the business back again. This is a case where the market process is bringing pressure on the legislative process in a way that intensifies the market undermining of unionism.

Such prospects are hardly likely to commend themselves to union leaders in the private sector. We may more than plausibly assume that they will make vigorous attempts to escape this fate. What organizational strategies may they turn to, in the attempt to reverse or reduce their current prospects of continued decline? To be effective, any strategies adopted must block or inhibit the processes which are bringing about demise: the recourse to market escape-routes of consumers and entrepreneurs, and their influence in extending the coverage of Right-to-Work legislation across states.

An obvious strategy is for the private-sector unions to devise and implement new and more effective organizing techniques than those which they have employed hitherto. Experimentation with new techniques is already much in progress. One array of techniques has been labeled as "pushbutton unionism,"

defined as "attempts to make the employer a more or less active ally in promoting unionization as an alternative to [the traditional technique of] convincing employees that union services provide workers sufficient net benefit to justify their individual decisions to vote for or join the union."<sup>20</sup> An example of such "pushbutton unionism" techniques is the so-called accretion agreement, whereby a corporation grants advance recognition to a trade union at any new plant it opens, wherever located.<sup>21</sup> Business "escape" from unionism into the "Sunbelt" is thereby stifled.

Why, it may be asked, would employers concede to "pushbutton unionism" without contest—why do, or would, they allow themselves to be "captured" instead of "escaping"? A variety of pressures may be brought to bear by unions, ranging from kickbacks to the promise of causing "labor trouble" in a competitor's plant. Perhaps the most controversial new pressurizing technique that unions are exploring in this field is the attempt to gain greater union control over employee pension funds. Estimates suggest that these funds amount to half a *trillion* dollars, and perhaps half of these are established, or partly under the control of, the unions.<sup>22</sup> It is proposed by the Industrial Affairs Department of the AFL-CIO that this control be used, among other things, to "punish" nonunion employers, or those with large operations overseas, by denying them capital, and to "reward" pro-union employers.<sup>23</sup> However, this latest attempt at "pushbutton unionism" via union control of pension funds is unlikely to be generally successful—even assuming that they do gain the control they seek—unless the courts can be satisfied that the resultant fund investment policies are fully in accordance with the requirements of the Employee Retirement Income Security Act of 1974.<sup>24</sup>

This latter point leads on to a more general one. Against the general and perpetual erosive influence of market forces, new unionization techniques in the private sector are unlikely to achieve much lasting success *unless* they are reinforced by pro-union changes in the law. Historically, surges in union organization of workers have, as earlier noted, been associated with such legislative measures. The shape and content of the law is thus crucial to the issue of the long-term survival prospects of the private sector unions. Only by the effective deployment of laws prohibiting the market "escape process" of consumers

and entrepreneurs from unionism can the force of this process be overwhelmed and the direction of the unions' fortunes be reversed.

We may thus prognosticate that the private sector unions will—indeed, *must*—engage more of their resources in seeking to create a legislative environment that is more conducive to their long-term survival. Such endeavors are already well under way. For example, the AFL-CIO invested considerable resources into the fight against the 1979 Right-to-Work referendum in Missouri. The union organized an intensive voter registration campaign that produced 100,000 new registrations in two months and the legislation was defeated.

To affect the tide of events significantly, much greater legislative successes than the defeat of a Right-to-Work referendum in one state will be necessary for the private sector unions. They need legislation of the sort which has been passed in Maine, and proposed in New Jersey, Ohio, and to the U.S. Congress so that plant closures in the (more-unionized) "Frostbelt" will be stopped.<sup>25</sup> They will need tariff and/or non-tariff barriers to international trade to stop consumers "escaping" to the supplies offered by more efficient foreign producers. And to wield "pension fund power" they are likely to need "relaxations" of the fiduciary standards laid upon pension funds managers by the Employee Retirement Income Security Act of 1974. All of this, and much more pro-union legislation, will be sought by the private sector unions. But will they get it? Ever since 1947 the unions have virulently opposed the Taft-Hartley Act and have sought its repeal—without success.

The shape and content of legislation is determined in the political market. Thus, to achieve the legislative changes necessary to avert or reverse their decline, the private sector unions will need to achieve greater influence on government. The fact that they have been unsuccessful in the political task of obtaining the repeal of Taft-Hartley does not mean that the unions will eschew politics as a fruitless avenue of advance. It is a question of survival. To avert decline, the private sector unions in America will be drawn into greater engagement in the political process.

What of the future of public sector unions in America? As we have seen, their recent history has not been one of decline but of great organizational growth. However, significant develop-

ments have recently taken place in the American political arena that signify the emergence of more difficult times ahead for the public sector unions. At the state level, the "taxpayer revolution" has led in many states to constitutional amendments that put limitations upon the ability of the state government to expand its spending or taxation beyond certain limits. At the federal level, the election of President Reagan, who is committed to reducing the scope and involvement of government in American life; and the mood of the citizenry that has brought this development about; signify a much more hostile environment to public sector unionism than that which they have enjoyed throughout recent decades. The growth of the public sector unions has been underwritten by massive growth in government spending and thus employment, and by "relaxed" attitudes to the costs of providing public services on the part of politicians and administrators. If the growth of government is stopped, or at least slowed, and a more watchful attitude is adopted in the public sector to program costs and effectiveness, the implication is that public sector unionism will find that the going is much tougher. Moreover, if these political pressures are maintained in the future, they threaten the decline of public sector unionism. President Reagan's tough response to the illegal PATCO strike in 1981 may also be read as a portent of harder conditions for public sector unionism in the future.

The public sector unions have every incentive to try to counter these political developments and to seek their reversal. A number of strategies may be adopted. For example, they may seek to mobilize the political support of certain client groups of government services, or to obtain the implementation of government "cuts" in such a way that it appears to be bungled or inhumane. Again, they may devote greater resources to the production of political propaganda that is supportive of public sector unionism. The general conclusion is that, by one means or another (and perhaps by many), the public sector unions are likely to be drawn into more explicit and intensive engagement in the political arena.

In arriving at this conclusion it should also be noted that, by its very nature, public sector unionism is involved in politics. The collective bargaining of terms and conditions of employment in the public sector cannot mean other than the determination of *public policies* regarding these matters. Public sector

unions, in bargaining with government, seek the modification of government policy. Inherently and inevitably, these unions are engaged in politics, in a direct fashion.<sup>26</sup> The foregoing analysis suggests only that the involvement of public sector unionism in the political process is likely both to intensify in the future, and to find expression through many other political channels in addition to the public sector bargaining table.

We are thus led to the general conclusion that, both in the public and private sectors, American unionism is likely to become more political in its orientation and efforts. If this qualitative forecast is correct, it leads to two important questions. First, will the American union movement discard its traditional mantle of "business unionism"? Second, is it likely that American unionism will move towards a "British model" of political unionism, whereby the union movement promotes and funds its own political party?

### The Mythology of American Business Unionism

It is a long-established article of faith in the texts on trade unionism and industrial relations that American unionism represents a particular species of that genus known as *business unionism*.<sup>27</sup> That is, unions are held to have primarily *economic* goals—the betterment of the terms and conditions of employment of their members—and to seek this primarily by means of bargaining in the *economic* arena. Business unionism avoids active engagement in the political arena, and maintains an attitude of neutrality between political parties.

Such was, indeed, the role and character of American unionism as prescribed by its "founding father" Samuel Gompers. However, as a matter of reality, American unionism has historically diverged markedly from the model of "pure and simple" business unionism in a number of ways.

Far from confining its activities to the economic arena, American unionism has always been significantly involved in political matters. It has, for example, always given vociferous political support to minimum wage laws, and other legislative measures that promote the interests and position of unionism.<sup>28</sup> It has vehemently opposed legislative measures (such as Taft-Hartley) that are not to its advantage. On the analysis

advanced in this essay, such behavior was entirely to be expected, even of private sector, "business" unions. For, unless they can obtain sufficient legal leverage to reduce or stem market forces, they face a continuous process of attrition wrought by these very market forces. Thus engagement in politics is, and always has been, vital to the growth and survival prospects of private sector unionism.

As earlier noted, public sector unions, in America no less than elsewhere, could never be "pure and simple" business unions. In the very nature of things they are engaged, in the bargaining process, in the negotiation of government policy.

The stance of "neutrality" concerning party politics, whatever its historical relevance, is today—and long has been—a fiction. As Roberts noted some two decades ago, "in theory the American unions still maintain their neutrality, but in practice they throw their weight behind the Democratic Party. They have become a major source of finance for the Democratic Party, and their contribution is likely to grow more important as time goes on."<sup>29</sup> (In this latter surmise Professor Roberts proved to be prescient.) Moreover, the unions contribute a lot of "free labor" to the Democratic Party at election time, particularly at the ward and precinct level. Enormous quantities of such effort may be mobilized through the Committee on Political Education (COPE) which is sponsored by the AFL-CIO. For example, in the 1976 presidential election, after the AFL-CIO had endorsed Jimmy Carter, COPE mobilized the following campaign:

Over 120,000 union volunteers were organised to work for Carter, manning 20,000 telephones. More than 80 million leaflets, posters and letters were distributed throughout the country in support of Carter, and more than 10 million calls were made for voter registration drives.<sup>30</sup>

So much, then, for the myth that American "business unionism" confines its activities to bargaining in the economic arena. It is evidently heavily engaged in the political market already. None of this is to deny that, historically, the *form* of American unionism's involvement in the political market has taken a different shape than that adopted by British trade unionism, which

established a political party of its own to represent it—the Labor Party.

However, if the analysis of this essay is correct, American unions are likely to seek to increase their involvement with, and thus their influence on, the political process, in the future. This leads to the question of whether, in seeking that end, American unions will be led to adopt the British model of union engagement in the political market. Will U.S. unionism seek to establish its own Labor Party? Or will it increase its influence within the Democratic Party to the point where, converted from within, the Party becomes the Trojan Horse of unionism in the American political party system?

### The Uncertain Allure of the British Model

It may be useful at this point to provide a thumbnail sketch of the British model.<sup>31</sup>

In the nineteenth century the British unions had focused their political activities within the pre-existing Liberal Party, primarily by the means of aiding and securing the election of certain pro-union Liberal M.P.s in the House of Commons. However, at the turn of the century the Trades Union Congress (TUC)—the British equivalent of the AFL-CIO—established a new political party, the Labor Party, to represent its interests directly in Parliament. In its founding phase, the Labor Party was utterly dependent upon the unions not only for money but for personnel. The unions provided the volunteer workers, and the local party officers, in addition to the cash resources.<sup>32</sup>

The Labor Party was by no means immediately electorally successful, being very much in the lee of the two major parties of that time, the Liberals and the Conservatives. However, it participated in the war coalition government (1915-18) and by 1922 had overtaken the Liberals as the main opposition party in the Commons. It formed minority governments in 1924 and in 1929-31, and again entered a war coalition government during 1940-45. It formed its first majority government in the years 1945-51, during which period many basic industries (coal, steel, the railroads and road transport, the docks, the gas industry, civil aviation, electricity generation, the health service, the Bank of England, *inter alia*) were brought under state ownership.<sup>33</sup>

The Labor Party came to power in 1964, and subsequently formed the government in eleven of the subsequent fifteen years. By the 1960s and 1970s, then, the Labor Party began to claim that it had become the "natural party of government" in Britain.

The influence of the trade union movement on the Labor Party is exercised via a number of channels: finance, the policy-making process, and leadership selection being the main ones. Trade unions provide over 75 percent of the Party's general everyday expenditures, and some 95 percent of the Party's expenditures in the fighting of a general election campaign. Moreover, individual trade unions "sponsor" (i.e., contribute to the individual campaign expenses of) some 133 Labor M.P.s. Unions also have substantial involvement in the policy formulation process of the Party, in a variety of ways. The unions have the power to nominate over half of the membership of the National Executive Committee, which is the supreme policy-formulating council of the Party. Moreover, under Clause V of the Labor Party's Constitution its Annual Conference—comprised of delegates from unions, constituency associations, and the Parliamentary Labor Party—has substantial policy-making functions. Indeed, over the last few years, the policy-making role of the annual Conference has strengthened, the position now being that the views of the Conference are taken as mandating the policy positions of the Labor leadership. Via their bloc votes, the unions control approximately 90 percent of all votes at the Annual Conference. Evidently he who pays the piper is not without some little influence on the tune. Indeed, the identity of the "lead singer" is now subject to direct union influence. Under the revised regulations adopted in January 1981, the trade unions have a 40 percent weight in the election of the Leader of the Labor Party, whereas previously the selection of the Leader was a matter determined solely by voting among Labor M.P.s.<sup>34</sup>

What lessons might be drawn from all this regarding the possibility of American unionism following the British model and conducting its engagement in the political arena via the establishment of its own Labor Party?

First, if British experience is any indication, the achievement of effective governmental power by a union-established and financed political party is a very lengthy business. It took just under half a century, and the unique social forces and pressures



consequent upon World War II, to bring about the election of a Labor Government with an effective majority in the House of Commons. According to this example, a political party sponsored by American unions would be likely to spend years in the political wilderness as a minor party much in the lee of the Republicans and the Democrats before it ever (if at all) saw sight of power. On the other hand, the British experience shows that it is not by any means *impossible* for a union-sponsored political party to achieve lengthy periods of political power eventually, despite the electorally damaging impression that may be created by such an arrangement.

There is, however, an important difference between the American and British political systems that must be brought into the picture, in order to examine this question of the attraction of the British model for an American union movement that is seeking to achieve greater influence in the political market. This relates to the differential strength of party discipline over the voting of congressmen and M.P.s. In the House of Commons, voting on virtually all issues is subject to party discipline—the “whipping” system. “Free votes”—whereby no party lines are adopted, and each M.P. is free to vote according to his own conscience (or electoral interests)—are extremely rare. On all other issues, M.P.s are “instructed” by the Party Whip to vote as the Front Bench (the leadership of the party) desires. A recalcitrant M.P. may ignore such instructions, but is liable to penalization for such a revolt against the party line, including the (extreme) possibility of expulsion from the party ranks and ticket. A more subtle—and more effective—form of discipline is exercised through the control of the party leadership on the future political (specifically, governmental) career of the prospective offender. In Britain, all ministerial posts, including Cabinet posts, are in the gift of the Prime Minister of the day (who is also leader of the majority party in the Commons); and all ministers must be drawn from the current members of the House of Commons or the House of Lords. Those M.P.s who earn the reputation of being “bad boys (or girls),” by voting against the party line, are not likely to enhance their prospects of ministerial offices when their party wins power and their leader becomes Prime Minister.

In the United States, of course, party discipline over the voting of congressmen is much weaker. For example, this looseness of the party discipline system in Congress permitted President

Reagan in 1981 to mobilize a majority for his government spending and taxation plans even in the House of Representatives where the Republicans are in a minority.<sup>35</sup>

### Influencing Political Behavior

The foregoing line of analysis suggests that most profitable allocation of resources between alternative modes of the production of political influence is different for American and British unionism. The incentive for British unionism is to allocate a relatively larger amount of resources to the production of influence at the level of the political party, and relatively little to the influencing of individual politicians. In the American case, the incentive is to allocate a relatively higher amount to the influencing of the individual congressman, and correspondingly less to the production of political influence at the party level.

This does not imply that there is a zero return to union investment of resources in the production of political influence at the party level in America. Clearly, the evidence cited earlier of the large volume of resources devoted by the unions to the Democratic effort at election time would not suggest that the AFL-CIO believes that a zero political return is entailed in such efforts. The most profitable balance of political influence production simply implies a higher *ratio* of resources devoted to party-level persuasion compared to the persuasion of individual politicians in the British case than in the American case.

To sum up at this juncture: the attractions of the British model of union engagement in the political market to the American union movement are not overwhelming: indeed, they look rather meager. If British experience itself is anything to go by, the political pay-off in terms of the actual achievement of governmental power are uncertain and remote in time. Moreover, the attractions of political influence production concentrating on party-level politics are, given the nature of the American political system, of a less compelling nature than they are for British unionism.

### Growth of Unions

The British model, nevertheless, may retain a certain allure for the American union movement. The political benefits of

such a radically new approach (in the American context) for unionism may be remote and uncertain; but there are also, unquestionably, considerable attractions. The basic one is that while the proportion of employees unionized has been declining in America over recent decades—at least in the aggregate—it has been rising (particularly since the late 1960s) in Britain, and has currently reached something of the order of 55 percent of the workforce.<sup>36</sup> Such organizational growth and success, however remote in time, must inevitably be somewhat attractive to the American union movement when it regards the bleaker prospects for membership growth that the current situation in the U.S.A. would seem to indicate, unless the American unions can find some way—perhaps the British model—of countering the market and political forces of turning their organizational prospects around.

The organizational growth of British unionism over the past decade, as compared to the recent American experience, is historically unique. Previously, the “great waves” of American and British union growth and decline have tended to move in parallel. British union density, however, has always tended to be higher—roughly double—American union density. But over recent decades the aggregate long run trends in union density—up in Britain, down in America—have diverged. Why has this historically incongruous situation appeared?

The reasons for the post-war overall downward slide of U.S. union density were analyzed in earlier parts of this essay. The pertinent question thus concerns the reasons why British unionism has not experienced the same scenario.

The level of unionization in Britain over the post-war period was in fact somewhat stagnant until the late 1960s. In 1950 some 44 percent of the labor force were union members; by 1960 this had in fact fallen slightly, to 43 percent. Throughout the 1960s it looked as if union density were likely to decline, as those sectors which historically had been the bastions of British unionism (e.g., the coal industry; the railroads, textiles, clothing) had witnessed dramatic contraction over the post-war period. It was, however, the late 1960s and the 1970s that were to see a period of great organizational expansion for British unionism. Two factors were paramount in the causation of this phenomenon.

First, the ranks of the public sector unions were bolstered

massively by the mushroom growth of public sector employment during this period. In 1960 the number of employees in the public sector accounted for approximately 24 percent of the nation's labor force; by 1978 it was up to (a fraction under) 30 percent. As in America, the unions organizing in the public services achieved spectacular growth as a result. For example, Confederation of Health Service Employees (COHSE) more than tripled its membership over the period 1964 to 1979. Moreover, in these mushrooming public service areas of employment, "there was active encouragement from the employers (the government) for workers to join an appropriate and recognized trade union."<sup>37</sup> This "active encouragement" extended to the signing of many extra union shop agreements, across the public sector.

Second, in the mid-1970s (under the Labor Government) there was a wave of new legislation that greatly heightened the potentialities of union growth and power, including the repeal of the 1971 Industrial Relations Act, the 1975 Employment Protection Act, and the 1974 and 1976 Trade Union and Labor Relations Acts. The contents and impacts of this complex pro-union legislative package are too diverse for us to analyze here.<sup>38</sup> Suffice it to say that a central thesis of this essay is confirmed by the recent British experience: unionism in at least the private sector cannot overcome the perennial erosion of its monopolizing attempts by market forces, unless it can gain legislative measures from government that are sufficient to deflect those forces.

Thus, in conclusion, the returns to American unionism of adopting the British model might seem a long way off: but the prize, as in Britain, could also be great. It is for this reason that we cannot exclude entirely the possibility that U.S. unionism may seek, in the future, to canalize its political activity via the establishment and financing of its own political party.

However, the lingering allure of the British model to American unionism is likely to have been considerably reduced by certain recent developments that raise big question-marks about the long-term viability of the British model of union political activity, even within Britain itself. To these matters we now turn.

### Long-Term Viability of the British Model

As we have reviewed, the establishment of their own political party was eventually to generate long-term legislative and other public policy pay-offs for British unionism, most notably (of course) during the post-war episodes of Labor Party government. However, recent developments in Britain cast some doubt on the long-term viability of such a mode of trade union engagement in the political market.

The most obvious indicator of this matter is the recent disintegration of the British Labor Party itself. The story of this debacle, involving byzantine power struggles at various levels within the Party, and the formation of a breakaway political party without union finance (the Social Democratic Party, which now has some 27 M.P.s), is interesting in its own right, but is too tangential to our main concerns here to warrant detailed recounting. Moreover, the breakup of the Labor Party is but the surface froth that reflects the passage of deeper political currents. Two of these currents are especially relevant to the question of the long-term viability of the British model of union political activity.

First, there is the basic issue of the general electoral appeal of a primarily union-financed political party. British opinion poll evidence suggests that the majority of the electorate dislike the close linkage between the unions and the Labor Party.

David Butler and Donald Stokes found only 17 *per cent* of their 1970 sample of voters thought there should be a close tie-up between Labour and the unions and as many as 72 *per cent* thought the unions should 'stay clear of politics' . . . As many as 51 *per cent* of the sample survey taken for the 1976 Houghton Committee on Financial Aid to Political Parties thought it was "bad" that the Labour Party should get finance from the unions. Opposition to a formal link between the unions and Labour is even strong among workers who are traditionally staunch Labour voters. Stephen Hill, in his study of London dockers [i.e., longshoremen], discovered that 60 *per cent* were hostile to the connection. In October 1974, 66 *per cent* of trade unionists polled by Crewe, Alt and Servlik disapproved of the union link with Labour.<sup>39</sup>

This widespread disparagement of the union-Labor Party linkage is plausibly based upon a concern that a political party which obtains the bulk of its finances from one concentrated or organized source, instead of from many diverse sources, may be too much the creature of that financing source. In the light of such presentiments it is difficult for the Labor Party to achieve the widespread political appeal that is the necessary requirement for the successful functioning of any mass political party, and thus to entertain the ambition of being the "natural party of government."

The fundamental problem for any solely or primarily union-financed political party may be described in the following terms of economic analysis. Political parties have an inclination towards the winning of elections or, more generally, the achievement of political office and political power. That is their very *raison d'être*. However, the winning of elections requires the satisfactory achievement of two conditions: it is necessary to adopt stances and policies that appeal to a majority of voters, and also it is necessary to acquire the resources (finance and time inputs) from donors, whose contributions are essential to the mounting of a mass political campaign. This creates a tension of motives for any political party. There is an "electoral motive" for adopting those policy commitments that appeal to a majority of the electorate, but there is also a "financing motive" to adopt those policies which will advance the volume of contributions from donors. If contributors to party coffers were purely selfless people, with no instrumental reasons for contributing to a party other than the desire to see it win the votes of a majority of the electorate, then there need be no tension between the electoral and financing motives for a political party. Some contributors may be of this nature; however, it is likely that many are not. In the latter case, donors will contribute only if they are delivered legislative goods from the political production process to which they are contributing.

Where the donations to a political party are composed of a large number of individually small contributions, the influence of any one donor on the determination of party policy is correspondingly small. Conversely, if party funds derive from a small number of large-size contributions, the potential influence of any donor on the party's policy stance is large, and thus the potential for tension between the electoral

and financing motives is greater. In the extreme case, in which a political party has only one donor, the prospects for conflict between the two motives is at a maximum.

This perpetual tension of political motives was one of the main undercurrents leading to the eventual split-up of the British Labor Party. The "right" of the Party—which historically had control over the contents of Party policy—had always put primary emphasis upon the satisfaction of the electoral motive. It had adopted the position that for the Party to be electorally successful, to sustain itself over time as a potential or actual governing force, its policies must be those of widespread appeal to voters, rather than simply of appeal to the trade unions. The "center" of the parliamentary Party—largely composed of union-sponsored M.P.s—on the other hand, has always stood solidly by the principle that we have here designated as the financing motive: that the Labor Party, to maintain its viability in terms of its bedrock support, can never drift too far from policies compatible with the trade union interest and outlook. As seen from this perspective, the problem is that while the unions can exist without the Labor Party, the Labor Party cannot survive without the support and inputs of the trade unions. In fact, this problem has intensified over the post-war period, as the individual membership of the Party has shrunk remarkably, and thus the importance of the union support for the Party has increased correspondingly. Without union inputs of money and personnel, the Labor Party would be a minor political sect, not a mass political party. The centrifugal tendencies produced by such political tensions eventually broke the British Labor Party apart, the specific circumstances engendering this development being the accelerating loss of control of the right over Party organs and policy determination to the left and center, over recent decades and the past five years in particular.

This leads to a discussion of the second major political current that has undermined the long-term viability of the British model of union involvement in the political market. The tensions between the electoral motive and the financing motive, and thus between the right and the center, in the British Labor Party, have over recent decades been greatly reinforced by increasing power and influence within the Labor Party and the trade unions of "far left" activists of Marxist

and quasi-Marxist persuasions. Indeed, the growing power of the Left within the Labor Party has not only pulled Party policy leftwards, but also (in 1980) brought about changes in the Party's constitution which have further strengthened the grip of the Left over Party organization and policy.

One such device has been the introduction of "compulsory re-selection" of sitting Labor M.P.s, whereby the prospective candidature of the M.P. is re-examined once during the life of every Parliament by the selection committee of his constituency party. As the latter may be controlled by activists whose political views are often far to the left of the "typical" Labor Party voter, this procedure may be used to substitute "moderate" or center/right candidates by those of the so-called "hard left." A survey of the workings of this re-selection process, carried out for the Independent Television News, and broadcast on 15 December 1981, suggests that it has dramatically shifted the composition of the allegiances of Labor Party candidates away from the center and right, and towards the "hard left" (associated with Mr. Tony Benn) and the so-called "soft left" (of which Mr. Michael Foot, the current leader of the Labor Party, is the primary spokesman).

This leftward drift of the Labor Party has had two primary consequences for the Labor Party, both of a highly damaging political nature for the Party's future. First, as earlier noted, it increased the incentive for elements on the right of the Labor Party to form their own breakaway party, and thus hastened that very event. Second, it caused a furious (and continuing) battle for power within the various political factions that constituted the rump of the Labor Party. This apparently has had most deleterious consequences for the electoral prospects of the Labor Party, having conveyed an impression of deep internal strife to voters, and thus has undermined the credibility of the prospect that the Labor Party could form a coherent and stable party of government.

This continuing power battle within the Party has been largely portrayed in the British press as a personality clash between an aging Party leader (Mr. Foot) and the younger pretender to his throne (Mr. Benn). However, the internecine strife within the Labor Party in fact reflects more fundamental tensions within the (tattered) coalition that constitutes the remaining Party. The leftward drift of the Labor Party (greatly reinforced by defection of elements of the right of the Party, to the new Social



Democratic Party) has much intensified the difficulty of satisfying what I have termed here as the "electoral motive" of the Party.

The problem is that "far left" policies appear to be highly electorally unpopular. For example, the Communist Party picks up only one-tenth of one percent of the popular vote in British general elections. Thus, if the Labor Party goes "more left," towards the Communists, it goes further away from the middle of the political spectrum, where the mass of votes lie, and potentially into a political wilderness. The electoral motive becomes more and more difficult to satisfy. Those party members who give most weight to the electoral motive are then forced to fight against further leftward drift, in a desperate rearguard action. In order to maintain any prospect of electoral survival for the Party, they are forced to wage war against the "hard left." This, however, increases the appearance of fratricidal strife—and damages electoral prospects by another route. This is the Hobson's choice that now confronts the (remnants of) the right, and the center, of the Labor Party.

The substantial matter underlying this kamikaze scenario concerns the nature and origins of the leftward drift of the Labor Party. Political parties change their express ideological stances for a variety of reasons—perceived (or misperceived) shifts in the ideological affiliations of the electorate, successful competition from other political parties, changes in the market for ideas which emanate from the intelligentsia, and new political and economic developments in other countries. However, in the case of the leftward drift of the Labor Party, I suggest that none of these factors have been of any significance; the leftward drift phenomenon has resulted from the primarily union-financed nature of the Party, and from the nature of trade unions as institutions in terms of their property rights dimensions. In other words, the trade union basis of the Labor Party is in large part the underlying cause of the phenomenon.

Two factors are involved in the generation of the phenomenon. First, there is the evident difficulty in advanced western countries of far left political elements in becoming the party of government by the electoral route. Here the example of the electoral performance of the Communist Party in Britain—obtaining but one-tenth of one percent of the popular vote in general elections—warrants repetition. However, where a union-

financed political party with the demonstrable ability to achieve political power exists, so does the possibility of a "backdoor route" to political office for the far left. An incentive exists for the far left to achieve control of the trade unions because those who control the unions are likely to control the union-financed political party, and thus exercise control over government itself if and when this party wins power at the polls.

That this has indeed occurred in Britain is well-known, although little-documented and little-researched; so guestimates of Marxist colonization of British union hierarchies differ. One authority argues that ". . . 10 *per cent* of officials in the [British] unions are communists."<sup>40</sup> Mr. Frank Chapple, the general secretary of the electricians' union (EETPU) suggested in 1976 that some 15 percent (on average) of the members of the national executives—the top executive boards of British unions—of the biggest trade unions were members of the Communist Party of Great Britain (CPGB), while a further 15 percent, while not formally members of the CPGB, were of similar persuasions.<sup>41</sup>

Such infiltration of the trade unions is a phenomenon by no means confined to Britain; communists have also obtained power in some American and European unions.<sup>42</sup> Evidently such infiltration of the unions has occurred to a lesser extent in America than in Britain; and for precisely the reason American unionism does not finance its "own" political party. If the American union movement were to establish and finance its own (successful) political party it would create the same incentive for Marxist permeation of the union structures as exists in Britain.

Such "Marxification" of the unions is greatly aided by another factor: the nonproprietary nature of trade unions. The owners of a proprietary organization, such as a private business firm, have a direct and personal interest in monitoring the performance of the managing executives of the organization, so as to ensure that the behavior of these officials is exercised in the interests of the owners. Those executives who fail to pursue the interests of owners of a proprietary organization court the risk of job loss.

The members of a nonproprietary organization are in a quite different situation. Although union leaders can be displaced in electoral contests, this is often difficult to achieve in practice.

The members of nonproprietary organizations cannot dispose of any ownership rights in the union, so the incumbent leadership is not exposed to the threat of external take-over in the same way corporate managers are.<sup>43</sup> Both of these features increase the attractiveness of trade unions to groups—be they Mafia or Marxist—who wish to utilize trade unions for purposes other than those desired by members. The process of infiltration of trade unions by small, highly-motivated groups is greatly eased by a factor known in the literature on public choice as the “paradox of participation.” This refers to the fact that each individual member-voter has but the tiniest expected benefit when the total number of member-voters is large, because the influence of the individual’s vote on the final outcome of the vote process is minute. However, there are definite costs attached to voting in union elections and on motions in union meetings: the cost of time spent in getting to and attending the meeting, and perhaps also the psychic cost of putting up with somewhat boring proceedings.

This latter factor accounts for the well-known phenomenon of so-called union “membership apathy.” This refers to the fact that union meetings are ordinarily attended by only a small fraction of those eligible to attend; an attendance of 15 percent is considered to be a high turn-out. This situation in turn permits a small but determined and united group of political activists to vote their own men into office at the base of the union organizational structure. This in turn enables them to nominate candidates of their own persuasion for higher positions in the union organization. In this way, a small but united faction may eventually colonize a trade union.

These two undercurrents, which have been diagnosed in the foregoing as threatening the long-term viability of the British model, are not peculiar to Britain. They are forces inherent in the situation created by the existence of a union-established and union-financed political party. The evidence, at least in the case of Britain itself, would suggest also that such a mode of union engagement in the political market ultimately engenders the emergence of forces that threaten the long-run survival prospects of such a political party.

### Following the British Model in America

This conclusion adds further weight to the doubts earlier expressed regarding the attractiveness of the British model to the American union movement. It is for all of these foregoing reasons that I would expect any heightened union engagement in the American political arena to be more likely to arise in other forms, such as the application of more intensive lobbying to individual congressmen.

One particular and plausible possibility is that the American union movement will increase its contributions (of both money and time) to, and thus its influence within, the Democratic Party without seeking to achieve a totally predominant position in the ranks of Democrat donors.

Such a liaison could have attractions to both the unions and the Democratic Party. As earlier noted, any political party has a financing motive for soliciting contributions from donors. American unionism has a need to increase its influence in the political market. Such an arrangement would be less overt—and thus less subject to electoral disapproval—than the British model.

However, it is to be noted that if the American union movement were to follow this particular path of increased activity within the political market, the problems of the British model could not be entirely escaped. To the extent that the unions become relatively more important donors to the Democratic Party and thus a more influential factor in the formation of the Party's policy, it would exacerbate the tension between the electoral and financing motives of the Party. Such a scenario would make the American union movement a more attractive target for colonization by extreme leftist political sects that are denied a direct electoral route to political power in America. Such a situation just might prove to be more durable than the straightforward British model.

Another possible scenario is that only certain American trade unions will increase their contributions to the Democratic Party, as in the case of the British model. Only 52 (out of 113) TUC-affiliated British unions were (in 1978) affiliated with the Labor Party (i.e., contributed to its coffers), and the vast bulk of the union membership so affiliated is accounted for by but 12 unions which have memberships ranging from 100,000 to over 1,000,000.

The future direction of the political activity of American unionism cannot be foreseen or foretold. It is not impossible, by any means, that the American union movement will stumble into, or even explicitly adopt, the path of engagement in the political market chosen by its British counterpart. More likely, the direction of American union political activity will take a variety of shapes and forms, before it (if ever) settles upon a particular pattern. All that may be suggested with any degree of confidence is that the effort and resources devoted by the American union movement to the manipulation of the political market is likely to increase in the future.

### Conclusion

There are three faces of unionism, each of which has its own significance. One is the monopolistic or carteloid aspect of trade union behavior. Trade unions also exhibit a feature of being one means of communicating member preferences or desires to employers, an aspect termed the "collective voice" of unionism. The third face of unionism is its engagement in the political market, in search of legislative measures and government policies that are supportive of its aims and prospects for growth and survival.

An important debate is proceeding in contemporary economics regarding the relative importance of these three faces of American unionism, and the consequential net impact of unionism upon the American economy.<sup>44</sup> This essay has not been aimed at such an evaluation of the past impact of American unionism. My major intention has been instead to try to peer into the future, and to pose an answer to the question of how American unionism is likely to evolve, given the context of economic and political forces in which it currently finds itself.

The major conclusion is that there are reasons for speculating, albeit qualitatively and cautiously, that the political "face" of American unionism is likely to loom the larger in the near future. It has also been noted that, contrary to conventional wisdom, such a development is not to be seen as a startlingly new aspect of American trade union behavior. American "business unionism" has a long history of active engagement in the political market. It is simply that this third face of Ameri-

can unionism has been relatively ignored by economists and industrial relations analysts.

We have also examined at some length the question of the forms that an intensified political effort of the American union movement might take. A natural response of the American union movement to its current demise is that it will examine the possibilities of adopting the tactics and strategies exhibited by trade unions in other countries where the institution of unionism flourishes more successfully.

At first sight, the position of British unionism over recent decades must seem a most alluring prospect to American union leaders. British unionism is indubitably one of the most politically influential, in relation to domestic government, of trade union movements in the world.<sup>45</sup> And, over the past decade, instead of the American experience of gradual aggregative erosion of union density, British union membership has grown rapidly.

However, after careful consideration, we have come to the conclusion that the British model is likely to prove insufficiently alluring to the American union movement. The British experience indicates that union engagement in the political market via the establishment of its very own political party is a very long-term operation, with uncertain ultimate pay-offs. Moreover, there are differences between the American and British political systems that make the British model less attractive to American unionism. Finally, recent developments in Britain, when analyzed in some depth, lead to doubts about the long-term viability of the British model, even within Britain itself.

This negative conclusion leads on to two more positive ones. First, it is more likely that, for the foreseeable future, American unionism will channel an intensified effort through the Democratic Party, seeking to increase its influence in the formation of the Party's policies by (among other things) increasing its contributions to party expenses and coffers. Second, to the extent that the American union movement does act in this way, it will be unable to entirely avoid the problems that, in the long run, have increasingly called into question the political effectiveness of the union-Labor Party liaison in Britain.

It bears repetition that the formation of a new political party by American unionism cannot be ruled out entirely. American

union leaders may ask themselves whether their traditional modes of engagement in the political arena have worked. After all, they have consistently and virulently opposed the Taft-Hartley Act, and sought to repeal it, with clear failure. Faced with increasingly bleak prospects, desperate measures may be entertained.

All that we may speculate with absolute confidence is that American union organizations will fight for their survival. Central to that effort will be a heightened union effort in the political market. Whatever its precise countenance, the "political face" of American unionism is likely to loom much larger in the times ahead.

### Some Further Reflections

Our foregoing discussion has been geared to an analysis of the likely path of evolution of American unionism, assuming an implicit time-scale of the medium-term future as the focus for scenario construction.

Such has been the pace of recent developments in the American union movement that events seem already to have overtaken, or at least to have started to adopt the pattern, of the qualitative forecast so cautiously offered here.

Shortly after putting some finishing touches to this essay in the winter of 1981, a report concerning the topic of the evolving "third face" of American unionism was published in the *Economist*, in January of 1982.<sup>46</sup> The following is a precis of some of the main items detailed in this highly significant report.

During 1981 the union movement increased its representation on the Democratic National Committee (DNC) from a (variable) figure of 5 to 10 members, to that of 15—out of a total of 25 at-large members. On January 5 of 1982 official negotiations over this arrangement began between twenty major unions (including those representing public employees, teachers, and machinists) and the Democratic Party. Thus, these unions now constitute a weighty and influential bloc within the DNC. The *Economist* notes that ". . . from this vantage point, they hope to influence Democratic Party policies in future years."

In the Spring of 1981 the AFL-CIO executive council abol-

ished the previous ban on union participation in primary elections. The *Economist* suggests that the removal of this restraint was based upon the "unspoken understanding" that the unions would use this new freedom of action to give aid to Democratic candidates—but only to Democrats.

It is estimated that in 1982 the union movement will contribute \$1 million to the DNC, which constitutes twenty percent of its annual budget. Such a donation would make the union movement the single most important and dependable source of its income.

At its November 1981 convention the AFL-CIO committed its individual unions to an increased contribution per member, rising from 19 cents to 24 cents. For an individual unionist this may not sound much. But on an aggregate basis, the increase in funds generated will be very large: estimated at an extra \$14 million over two years. It is understood that this is to be used for political activities and public relations.

Furthermore, contributions of member unions of the AFL-CIO to COPE, the union movement's main lobbying vehicle, are no longer to be voluntary, as previously.

The AFL-CIO is initiating political education campaigns across the country, with a view to informing local union members about "important legislative issues of the day," and the corresponding AFL-CIO view. These programs have been established in ten states already.

Finally, the union movement is campaigning to reserve one quarter of the seats at the Democratic convention of 1984 for party regulars—for senators, governors, and other elected officials. The presumption behind this move is that party regulars are more likely to pick a presidential candidate of whom the AFL-CIO would approve. As the *Economist* comments, "in other words, they [the unions] hope to take on the role of power-brokers within the party."

So there is already considerable confirmation, from these current developments, of the central forecasts offered in this essay. Evidently American unionism is moving quickly to heighten its engagement and influence in the American political market. Moreover there is now a very clear prospect that the American union movement will seek to do this by utilizing the Democratic Party as its Trojan Horse within the established American political party system.



This essay was written and offered as a tentative and speculative forecast. Now it may be read also as an analysis of the underlying forces that have brought about the contemporary developments listed above. The potential longer-term consequences of these developments (as intimated by experience with the British model) for the nature of both the Democratic Party and American unionism, and thus for the American polity as a whole, also should be reflected upon.

### Footnotes

1. E.g., R. Taylor, *The Crisis of American Labour*, London: Fabian Research Series, No. 346 (September, 1980a).

2. D. Heldman, 'Making Policy in a Vacuum: The Case of Labor Relations', *Policy Review*, Fall, 1979, p. 76.

3. I. Bernstein, 'The Growth of American Unions', *American Economic Review*, Vol. XLIV, June, pp. 301-318.

4. Public Service Research Council, *Public Sector Bargaining and Strikes*, Vienna, Virginia (1981), pp. 2-4.

5. J.T. Bennett and M.H. Johnson, 'Union Use of Employee Pension Funds: Introduction and Overview', *Journal of Labor Research*, Vol. II, No. 2, Fall, 1981, p. 182.

6. Taylor, (1980a), *op. cit.*

7. M. Olson, *The Logic of Collective Action: Public Goods and the Theory of Groups*, Cambridge, Mass.: Harvard University Press (1965), esp. ch. III.

8. American courts have taken the Norris-LaGuardia Act of 1932 as a *pro tanto* repeal of the Sherman Act as the latter applies to the activities of trade unions. See R. Pound, 'Legal Immunities of Labor Unions', *Journal of Labor Research*, Fall 1979, Reprint Series No. 1, p. 84.

9. In which case, the "escape" of consumers to other producers is impossible. However, even in this case, other entrepreneurs are given a direct financial incentive to find and develop substitutes for the "unique" resource, and thus the monopoly is under potential commercial attack.

10. C.J. Parsley, 'Labor Union Effects on Wage Gains: A Survey of Recent Literature', *Journal of Economic Literature*, Vol. XVIII, March, 1980.

11. Bennett and Johnson (1981), p. 184.

12. For a detailed inspection of the economic effects of Right-to-Work legislation, see M.R. Colberg, *The Consumer Impact of Repeal of 14(b)*, Washington, D.C.: Heritage Foundation (1978). See also J.T. Bennett and M.H. Johnson, 'The Impact of Right-to-Work Laws on the Economic Behavior of Local Unions: A Property Rights Perspective', *Journal of Labor Research*, Vol. I, No. 1 (Spring, 1980), pp. 1-27.

13. See Public Service Research Council (1981), *op. cit.*, table A, p. 7.

14. See D. Orr, 'Public Employee Compensation Levels', in A.L. Chickering (ed.), *Public Employee Unions*, San Francisco: Institute for Contemporary Studies (1976), pp. 131-144; and D. Bellante and J. Long, 'The Political Economy of the Rent-Seeking Society: The Case of Public Employees and their Unions', *Journal of Labor Research*, Vol. II, No. 1 (Spring 1981), pp. 1-14.

15. See M.L. Kurth, 'Public Employee Unions as Political Firms', *Research in Labor Economics* (1982), forthcoming; and also L.M. Spizman, 'Public Employee Unions: A Study in the Economics of Power', *Journal of Labor Research*, Vol. I, No. 2 (Fall, 1980), pp. 265-273.

16. See W.A. Niskanen, *Bureaucracy and Representative Government*, New York: Aldine-Atherton (1971); and G. Tullock, *The Politics of Bureaucracy*, Washington, D.C.: Public Affairs Press (1965); ch. 13 especially.

17. See, for example, D. Fisk, H. Kiesling, and T. Muller, *Private Provision of Public Services*, Washington, D.C.: The Urban Institute.

18. See C.M. Tiebout, 'A Pure Theory of Local Expenditures', *Journal of Political Economy* (October 1956), pp. 416-424.
19. In the jargon of futurology, we are constructing a "no-surprise" scenario.
20. J.T. Bennett and M.H. Johnson, *Pushbutton Unionism*, George Mason University, Va.: Contemporary Economics and Business Association (1980), p. 16.
21. General Motors signed such an agreement with the UAW in 1979. See *Washington Post*, 5 September, 1979.
22. J. Rifkin and R. Barber, *The North Will Rise Again: Pensions, Politics and Power in the 1980s*, Boston: Beacon (1978).
23. *Pensions: A Study of Benefit Fund Investment Policies*, Washington, D.C.: Industrial Affairs Department, AFL-CIO (1980).
24. See J.P. Northrup and H.R. Northrup, 'Union Divergent Investing of Pensions: A Power, Non-Employee Relations Issue', *Journal of Labor Research*, Vol. II, No. 2 (Fall, 1981), pp. 191-208.
25. See R.B. McKenzie, *Restrictions on Business Mobility: A Study in Political Rhetoric and Economic Reality*, Washington, D.C.: American Enterprise Institute for Public Policy Research, 1979; and R.B. McKenzie, 'The Case for Plant Closures', *Policy Review*, No. 15 (Winter, 1981), pp. 119-133.
26. C.W. Summers, 'Public Employee Bargaining: A Political Perspective', *Yale Law Journal*, 83 (1974), pp. 1156-1200, and M. Lieberman, *Public-Sector Bargaining: A Policy Reappraisal*, Lexington, Mass.: D.C. Heath (1980).
27. See, for example, M. Estey, *The Unions: Structure, Development and Management*, New York: Harcourt, Brace and World (1967), ch. 3.
28. Among the voluminous literature that could be cited see, for example, J.D. Greenstone, *Labor in American Politics*, New York: Knopf (1969).
29. B.C. Roberts, *Trade Unions in a Free Society*, London: Institute of Economic Affairs (1962), p. 187.
30. R. Taylor (1980a), *op. cit.*, p. 15.
31. For a more detailed exposition see J. Burton, *The Trojan Horse: Union Power in British Politics*, London: Adam Smith Institute (1979).
32. See R. McKibbin, *The Evolution of the Labour Party*, London: Oxford University Press (1974).
33. The TUC had drawn up a detailed program for the extensive nationalization of British industry as early as 1932. See D. Barnes and E. Reid, *Governments and Trade Unions: The British Experience 1964-79*, London: Heinemann (1980), p. 8.
34. The unions now also have the same weight in the election of the Deputy Leader of the Labor Party.
35. I am grateful to Milton Friedman for drawing my attention to the importance of this point.
36. 1979 figure.
37. R. Taylor, *The Fifth Estate: Britain's Unions in the Modern World*, London: Pan (1980b), pp. 31-32.
38. See Burton (1980), *op. cit.*
39. Taylor (1980b), *op. cit.*, pp. 99-100.
40. Taylor (1980b), *op. cit.*, p. 122.
41. F. Chapple, 'The Marxist Battle for Britain: Trade Unions', *Readers' Digest* (February, 1976).
42. See D.J. Saposs, *Communism in American Unions*, New York: McGraw-Hill (1959).
43. For a more extensive analysis of the difficulties of membership policing of union leaders, see J. Burton, 'The Economic Analysis of the Trade Union as a Political Institution', in J.J. Rosa (ed.), *The Economics of Trade Unionism* (1982), forthcoming.
44. See R.B. Freeman and J.L. Medoff, 'The Two Faces of Unionism', *The Public Interest* (Fall, 1979); L. Troy, C.T. Koeller, and N. Sheflin, 'The Three Faces of Unionism', *Policy Review* (Fall, 1980), pp. 95-109; J.T. Addison, 'Trade Unions and Restrictive Practices', in J.J. Rosa (ed.), *The Economics of Trade Unions* (1982, forthcoming); and the interchange between Freeman and Medoff; Troy, Koeller and Sheflin; and Addison in the *Policy Review* (Fall, 1981), pp. 3-8, and (Winter, 1982).
45. The political economy of British unionism is subjected to lengthier scrutiny than is possible in this paper in J.T. Addison, P.T. Bauer, and J. Burton, *Trade Unions and the British Disease*, Vancouver: Fraser Institute (1982, forthcoming).
46. American Survey, 'The New, Conciliatory and Democratic Face of Labour', *The Economist*, 16 Jan. 1982, pp. 39-40.

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# The Heritage Lectures

What is the future of American unions? While the membership of private sector unions in America declines, public sector unions are growing rapidly. John Burton, Lecturer in Industrial Economics at the University of Birmingham, examines this phenomenon. He also uses the example of British unions and the Labor Party to show how unions might increase their political power here in America.

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