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# Globalization and Trade Unions: A Comparative-Historical Examination of the Convergence Thesis

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*Trade unions are seen to converge through membership decline due to the challenges of globalization and deindustrialization. However, the 'globalization will lead to convergence' thesis is based on unfounded beliefs about the past that distort the interpretation of present trends. Although unionization spread across industrializing countries in the pre-1914 era of early internationalization, major variations in the political and organizational strategies emerged. Today, despite globalization and deindustrialization, cross-national diversity in unionization patterns as well as in union responses prevails. Moreover, trade union movements have been less severely affected by membership decline in the smaller export-oriented economies than the larger more domestic markets. National institutional and political factors as well as domestic structural changes seem to have played as much a role in the downward spiral of decentralization and deunionization as globalization. Thus we need to take into account the differential impact of national institutions and the strategic responses to seemingly unbending globalization pressures.*

*Du fait de la globalisation et du processus de désindustrialisation, il semble que l'on assiste à un recul convergent des organisations syn-*

*dicales. Toutefois, la thèse « des forces convergentes liées à la globalisation » repose sur une lecture erronée du passé qui déforme l'interprétation du présent. Bien que la syndicalisation se soit développée dans les pays industrialisés durant la période qui précède la Première guerre mondiale, de grandes variations dans les stratégies politiques et organisationnelles ont existé. De même, de nos jours, malgré la globalisation et la désindustrialisation, c'est la diversité entre pays, en ce qui concerne les modèles de syndicalisation et les réponses des organisations ouvrières, qui prévaut. En outre, le déclin des effectifs a été beaucoup moins sévère dans les petits pays dont les économies sont très extraverties que dans les pays disposant d'un grand marché intérieur. Les institutions nationales, des facteurs politiques, ainsi que des changements intérieurs structurels, semblent avoir joué un rôle aussi important dans le processus de déclin et de décentralisation que la globalisation. Il convient donc de prendre en compte l'impact différencié des institutions nationales et des réponses stratégiques aux pressions prétendument inflexibles de la globalisation.*

Today's trade unions are seen to be under threat as they face the challenges of globalization and deindustrialization. In this popular perspective, trade unions are portrayed as a 'dated product' of the Industrial Revolution and the growing industrial working-class of the late 19<sup>th</sup> century. During their first hundred years, union movements in tandem with the political wing of the labour movement sought to advance the extension of political and social citizenship rights. In this view, union movements have passed their apex with the end of the Golden Age of postwar economic growth, Keynesian full employment policies and welfare state expansion. Consequently, it seems no surprise that union decline sets in during the last three decades following the intensification of economic globalization, deindustrialization and 'post-modern' individualistic values. Therefore, the argument runs, trade unions are in crisis and face a rather bleak future in the 21<sup>st</sup> century.

There are indeed 'global' challenges common to most union movements in OECD countries: dwindling membership, decentralization of collective bargaining, fading alliance with left parties, and increasingly heterogeneous interests. The most obvious and empirically verifiable claim is deunionization through membership decline. In fact, several

union movements report significant losses in membership and – even more important – suffer from a substantial deterioration in union density; *i.e.* the share of workers that are union members (Ebbinghaus and Visser, 2000). However, contradicting comparative evidence and theoretical reasoning question the convergence view of union decline (Ebbinghaus and Visser, 1999; Golden, Wallerstein, and Lange, 1999). As so often with broad globalization arguments in economic and social history, unfounded beliefs about the past distort the interpretation of present trends. Moreover, the prevailing crude arguments of ‘globalization will lead to convergence’ disregard cross-national diversity as a phenomenon of the past and discount the potential for renewed diversity in the future.

As Paul Bairoch pointed out in *Economics and World History*, we can interpret ‘myth’ as the ‘incorrect knowledge of the history of the economy that is shared by many economists, social scientists and the general public’ (Bairoch, 1993). The view of economic globalization as a unique feature of the last three decades can be challenged through a historical comparison with the internationalization of industrial countries prior to the First World War (Bairoch and Kozul-Wright, 1996). In this brief essay, I will contest the common (but largely unfounded) belief that globalization leads to converging union decline throughout Western capitalist economies in the 20<sup>th</sup> century. This is not to claim that today’s unions are not under severe pressure and that union decline does not exist. My analysis aims at underlining that union decline is neither as unique (or new), nor as universal (or inevitable) as the ‘globalization leads to convergence’ thesis seems to imply. Comparative historical analysis helps to place current national trends in perspective: to what degree is it a particular phenomenon common to all countries, and are current trends really different from the past?

More than a century ago, the British social reformers, Sidney and Beatrice Webb, defined trade unions as ‘a continuous association of wage-earners for the purpose of maintaining or improving the conditions of their employment’ (Webb and Webb 1894: 1). From this classic definition follows that for the continuity of these voluntary organizations membership is a crucial and multiple resource. Membership is a precondition for financial resources through income from affiliation fees; it forms the pool for recruitment of activists; it is the base for mutual self-help; it provides political influence; and – most importantly – it is the source for industrial action. The larger a union’s membership, the more workers it can call out for strike action if it enjoys

sufficient members' compliance and strike funds. Membership size can also bring political clout: the larger the membership, the more a union confederation may be able to put pressure on governments, especially when it can claim the electoral power of its followers.

As Mancur Olson (Olson, 1982) has pointed out, the more encompassing (the larger and more heterogeneous) peak associations are, the more they will have to internalize the costs of their action. On the other hand, small sectionalist interest organizations, such as craft unions, can ignore the economic consequences and can externalize the costs of their action onto others. Moreover, since large union movements provide by and large public goods, it would be completely rational for individuals to 'free ride' as long as they can profit from union action without contributing to it (Olson 1966). Hence, for economists and other social scientists, 'union density', the share of workers that are members of a trade union, is an important indicator for the bargaining and political strengths as well as the representativity and inclusiveness of union movements. How can we account for changes in union membership and how are these factors altered by globalization?

### THREE EXPLANATIONS OF UNION GROWTH AND DECLINE

Labour economists have used business cycle models to account for union growth and decline. Early historical studies of American unions by the Wisconsin school of industrial relations had linked union growth to economic growth, yet the interwar experience contradicted this view. A revival of business cycle models occurred with the econometric study of US union growth (1904-1960) by two American labour economists (Ashenfelter and Pencavel, 1969). A seminal British study (Bain and Elsheikh, 1976) applied a business cycle model to annual growth rates in union membership in the UK (1893-1970), the USA (1897-1970), Australia (1907-69) and Sweden (1914-70). Bain and Elsheikh assumed that union membership would grow due to the 'credit effect' when unions achieve higher wages and also due to the 'threat effect' when price inflation endangers net wages. They also postulated that unemployment would be a threat to membership recruitment as unemployed members may be less willing to pay membership dues and employers would gain in bargaining power.

According to the 'credit effect' of this business cycle model, globalization would imply that increased economic internationalization may lead to decline as unions will no longer be able to take wages out of competition by national bargaining. Moreover, the 'threat effect' may become less important since inflation tends to have converged in recent decades. Also structural unemployment due to labour market rigidities will undermine the bargaining power of unions in the long run. In addition to business cycle variables, political scientists have added political cycle variables, especially the electoral success and government participation of union-friendly left parties (and sometimes Christian Democracy). Here the globalization argument points at a general political drift towards the right in the 1980s and the paradigm shift towards monetarist policies as well as the move of left parties away from Keynesian policies. However, the results of business cycle and political models show different results for specific periods and changes in signs between periods – no one business or political cycle model fits all countries and periods, instead historical junctures and national institutional breaks need to be taken into account (*cf.* Ebbinghaus and Visser, 1999).

A second approach is advanced by sociologists and labour market specialists who point at structural social and economic changes as long-term determinants of union growth and later decline (*cf.* Visser, 1990). In this modernization perspective, the transition from local craft towards national labour markets and from craft to industrial mass production has left its mark on modern unionism. According to this view, the more and the faster an economy industrializes, the larger the scope and radicalization of the working class (Galenson, 1952). Also the expansion of the welfare state is seen as a positive factor in union growth due to the public sector's higher degree of bureaucratization, collective advancement and union recognition in the public sector (Ferner, 1994).

As its mirror image, structural changes are also blamed for union decline and differences across countries. Public employment cuts (or privatization) may lead to a decline of overall unionization (Clayton and Pontusson, 1998). Moreover, white-collar employees and private service sector employees are commonly more difficult to organize because of their more individualistic, status conscious and politically heterogeneous orientation (Sturmthal, 1966). Therefore deindustrialization and a shift towards white-collar (or service) work contribute to union decline if unions make no headway in mobilising these groups.

Traditionally, women are less organized and more difficult to recruit given their particular employment situation: overrepresentation among service jobs, part-time and atypical contracts, and interrupted careers. With an increase in female labour force participation, part-time and atypical work unionization would be therefore more and more difficult unless unions become more 'attractive' to women by better representing their interests (Cook, Lorwin, and Daniels, 1992). In respect to globalization, this approach sees in the international economic pressures and global diffusion of 'best practices' the forces that intensify the structural changes that are detrimental to unionization: deindustrialization as a consequence of labour cost competition, the growth to limits of welfare expansion through global tax competition, and atypical employment forms through the diffusion of new production methods.

The importance of institutional and contingent factors is the third way to explain union growth and decline (*cf.* Ebbinghaus and Visser, 1999). Postwar industrial relations theory acknowledged the positive influence of welfare legislation following the Great Depression and also the impact of wars due to labour shortage and general 'unrest' (Dunlop, 1948). In general, legislation on collective action and individual employment rights has shaped the conditions under which unions could mobilize and workers join unions. Given the problem of free riding, unions could rely in some countries on 'closed shop' arrangements to compel workers who profited from union action to contribute to the financing of the production of these common goods. However, such negative sanctions are illegal in many continental European countries with enshrined 'negative coalition rights' (Hepple, 1986). The expansion of 'right to work' legislation among (largely southern) US states (Freeman and Medoff, 1984) and the British Conservatives' legal changes in the 1980s are prime examples of political and legal developments hampering the organizational capacities of unions (Freeman and Pelletier, 1990).

Instead of negative sanctions for non-membership, union movements can also offer selective incentives to overcome the collective action problem (Olson, 1965). Mutual self-help has been traditionally such a 'club good', though with the expansion of welfare states more and more of the social risks are assumed by public schemes and made mandatory (Flora, 1986). Yet in some Scandinavian countries and partly in Belgium, unions remained in charge of administrating the 'Ghent' unemployment system and this indeed helped them mobilize

union members since they perceived membership as a 'selective incentive' and credited the unions with fighting unemployment (Rothstein, 1992, Western, 1997).

Other institutional factors are 'union securities' that provide institutionalized recognition of unions and allow them better access to potential members (Eickhof, 1973). The recognition of unions as legitimate collective bargaining partners by private employers or the state as employer plays an important historical role. Thus the interwar period was a watershed in many European countries with the formal recognition of unions by peak employer associations. In the same way, the Kennedy administration's policy change in the 1960s facilitated the expansion of public sector unionism in the USA. Institutionalized participation of unions in national corporatist institutions for economic and social policy making has also contributed to the recognition and power of organized labour (Crouch, 1993). Legally enforced or collectively negotiated workplace representative rights such as German co-determination legislation or Scandinavian union representative rights provide an important means for union access to potential members (Streeck, 1984, Hancké, 1993). If institutions matter, the globalization argument needs to prove that regime competition leads to a convergence of institutional arrangements or at least a strong pressure towards deregulation through 'regime competition' (Streeck, 1996), only then could we expect that globalization (or European integration) would undo the impact of cross-national institutional diversity.

## THE PRE- AND INTERWAR DEVELOPMENT OF TRADE UNIONS

Although the legacy of union organization dates back to earlier guilds and workmen associations (Crouch, 1993), modern unionism emerged during the second part of the 19<sup>th</sup> century, beginning with early industrialized Britain and then spreading to the 'European continent' and overseas (Campbell, 1992; Linden and Rojahn, 1990). The timing of union formation and the political orientation of national union movements differed considerably in each industrializing country before and around the First World War (Ebbinghaus, 1995). In early industrializing Britain, trade unions were less inhibited and craft-cum-

general unionism grew long before it began to sponsor the foundation of its lobbying arm (the Labour Party). In contrast, on the Continent, in particular in Germany, unionism encountered state repression and the labour movement became more politicized and centralized under the leadership of the socialist party. The timing and sequence of the foundation and consolidation of working-class parties and trade union movements thus varied considerably before the breakout of the First World War, with long-term consequences on both the union and party wing of the labour movement.

Similarly, and more easily quantifiable, the speed of union growth and strength of union membership varies throughout the industrializing countries (see Table 1). Comparative indicators on union membership are relatively scarce and not strictly comparable (*i.e.* the varying share of unorganized agricultural workers deflates these early figures). But the gross union density figures prior to the First World War provide at least an overall picture of the cross-national differences (which certainly need to be supplemented with national historical studies). The early growth of British and Danish unionism is well documented, about every eighth worker was a member of a craft or general union by 1900 and collective bargaining spread more widely. A belated but more rapid industrialization process allowed union movements on the Continent and Scandinavia to catch up with the United Kingdom and Denmark: the German unions pulled alongside the early developers and the Dutch, Norwegian and Swedish unions followed suit. Among the 'new settler' nations, Australia saw the early rise of craft-based unionism, the development of compulsory arbitration and the ascension of its Labour Party, while the American and Canadian unions developed more slowly in a more hostile environment for collective worker organizations.

These differences in timing and sequencing had consequences for the long-term organizational and political development of union movements far beyond the First World War. The British (and Irish), Australian and also Danish union movements developed early and this left its mark on the organizational landscape (*i.e.* craft-cum-general unionism still dominates today). The other Scandinavian and the German and Dutch union movements came later and adopted more readily industrial unionism within the Socialist dominated and centralized union movements. The union movements in Latin Europe but also in North America remained less developed, though this is also a consequence of the still large agrarian employment and regional dis-



TABLE 1  
**Union density and annual growth,  
 Europe and Overseas, 1892-1950**

	Union density (%)						Annual relative growth in union density (%)					
	1892	1900	1910	1920	1930	1940	1950	1900-10	1910-20	1920-30	1930-40	1940-50
<i>Nordic:</i>												
Denmark	..	13.2	17.3	33.4	36.9	40.7	53.2	2.7	6.8	1.0	1.0	2.7
Sweden	0.7	4.8	8.3	27.7	36.1	53.7	67.3	5.6	12.8	27	4.1	2.3
Norway	..	3.9	8.2	20.3	19.0	42.9	47.9	7.7	9.5	-0.7	8.5	1.1
Finland	..	..	4.5	13.6	7.5	12.7	29.9	..	11.7	-5.8	5.4	8.9
<i>Centre:</i>												
Germany	2.5	5.7	18.1	52.5	32.7	-	33.9	12.2	11.2	-4.6	..	*0.2
Austria	..	2.4	5.8	51.0	37.6	-	57.9	9.2	24.3	-3.0	..	*2.2
Switzerland	..	..	6.6	26.3	23.6	27.4	40.1	..	14.8	-1.1	1.5	3.9
Netherlands	..	2.9	11.0	31.1	27.7	29.9	42.0	14.3	11.0	-1.2	0.8	3.5
Belgium	..	4.8	5.1	38.6	28.8	33.7	40.2	0.6	22.4	-2.9	1.6	1.8
<i>South:</i>												
France	..	5.8	9.1	10.6	7.8	23.6	30.2	4.6	1.5	-3.0	11.7	2.5
Italy	..	6.3	8.3	34.9	-	-	40.3	2.8	15.4	..	..	**0.5
<i>West:</i>												
UK	11.2	12.7	14.6	45.2	25.4	33.1	43.8	1.4	12.0	-5.6	2.7	2.8
Ireland	..	..	..	32.6	27.8	20.6	37.1	..	..	-1.6	-3.0	6.1
<i>Overseas:</i>												
USA	3.0	5.0	9.1	16.6	9.6	20.3	28.4	6.2	6.2	-5.3	7.8	3.4
Canada	..	..	6.8	15.0	13.5	18.3	32.8	..	8.2	-1.0	3.1	6.0
Australia	5.8	9.0	24.6	42.2	43.5	40.4	50.4	10.6	5.5	0.3	-0.7	2.2
New Zealand	..	..	..	..	35.8	67.0	60.0	..	..	..	6.5	-1.1
Japan	..	..	..	..	..	6.8	46.2	..	..	..	..	21.1
<i>All countries:</i>												
Average	4.6	6.4	10.5	30.7	25.8	31.4	43.4	5.1	11.3	-1.7	2.0	3.3
Std.dev.	4.1	3.5	5.7	13.2	11.5	15.9	11.1	5.0	8.7	-1.4	3.3	-3.5
N=	5	12	15	16	16	15	18	12	15	15	14	18

Sources : Ebbinghaus and Visser, 2000; Neumann, Pedersen and Westergård-Nielsen, 1991; Visser 1990; Visser, 1994, and updates and calculations by the author.

Notes : \*: 1930-50; \$: 1920-50; - unions were suppressed; annual relative growth:  $((x_{t+years}/x_t)-1)**(1/years)$ .

parities. While the Latin labour movements became the seedbed for political fragmentation and radicalization, the North American union movements abstained from a socialist political route and remained dominated by craft unionism until the later split off by industrial unions in the 1930s.

In the pre-1914 period of rapid industrialization and intensive international trade, the idea of class organization via unions and mobilization for collective bargaining and workers' rights spread indeed across industrializing countries, however, local economic and political conditions provided varying obstacles to collective organization. In contrast to today's 'globalization-leads-to-deunionization' thesis, export-orientation was not necessarily a hindrance to early union organization prior to 1914; on the contrary, employers in export-dependent sectors could be more easily forced to accept collective bargaining through strike action than large-scale domestic producers (who received state backing for their anti-union paternalist labour policies). The most unionized economies were those with medium levels of export before the First World War: the UK, Denmark, Germany and Australia. Certainly, the small nations with *very high* export dependency – Belgium, the Netherlands, and Switzerland, but also the other Nordic countries – achieved lower, *moderate* union density rates, but political industrial unionism grew more rapidly than in the *least* export oriented nations with large domestic markets: the USA, Canada, France, Italy, and Imperial Austria.

Global forces other than international trade seem at stake in the 1920s: mobilization during and after the First World War, Communist internationalism after the Russian October revolution, and interwar business cycles lead to a worldwide radicalization of organized labour across all industrializing Western countries around the watershed of 1914-18. Average union density increases from below 15% (1913) before the war to over 30% (1920) immediately after it. Every second German and Austrian worker, two out of five British and Australian workers, and every third Irish, Danish, Belgian, Dutch and Italian worker joined a union in the hope of economic and political changes. The leap forward was less pronounced in neutral countries (Sweden cum Norway, Switzerland) and unionization was still relatively low in North America, France and Finland. For the first time, unions became recognized as collective bargaining partners nearly everywhere, and this was also acknowledged at an international level through the founding of the International Labour Organization (ILO) in Geneva in 1919.

However, even more global than the surge of unionization in the early 1920s was the following decline – average union density dropped by 5 percent during the 1920s. The highly organized German and Austrian unions in particular suffered substantial losses in the early

1920s, followed by the British and North American unions. With the exception of the suppression of unionism under Italian, German and Austrian Fascism, the 1930s brought a slow recovery for nearly all other industrialized countries, despite the high unemployment of the Great Depression and the onset of the Second World War. As in the US following the New Deal, the Scandinavian unions gained in union membership and surpassed their earlier peak level.

### POSTWAR CONVERGENCE OR DIVERGENCE?

After the Second World War, a new wave of unionization seems to have brought the 18 Western industrial economies closer to each other: the average union density increased by more than 10 percent as compared to 1920 and 1940 (see Table 1). The Scandinavian countries were now leaders in unionization (68% in Sweden), while the USA was the lowest organized industrial economy (28%), though still more than every fourth US worker was a union member. Even the countries that forbade union movements during Fascism, joined with postwar democratization the ranks of pluralist industrial nations: West Germany (34%), Austria (56%), Italy (40%), Japan (46%). The general postwar trend towards unionization was also accompanied by the institutionalized recognition of unions. Postwar industrial relations experts postulated further convergence of industrial relations with ongoing modernization (Kerr et al., 1960).

Although union density remained on average at a similar level during the first two postwar decades, there was considerable cross-national variation when we look more closely (see Table 2). The Scandinavian and Belgian union movements took the lead, thanks in part to their Ghent unemployment systems (with the exception of Norway that had introduced a mandatory state system). France and Italy, on the other hand, saw a political demobilization not unlike that of the immediate interwar period, as many workers who had joined the radical union movements turned their backs on class politics during the Cold War economic and political integration into the West. The Japanese unions also experienced deunionization with the shift from political to business unionism. Even before the onset of today's globalization, some institutionalized unions movements such as the Dutch and Swiss experienced a slow decline, while many others including the

TABLE 2  
**Union density and annual growth,  
 Europe and Overseas, 1950-99**

	Union density (%)							Annual relative growth in union density (%)					
	1950	1960	1970	1980	1990	1995	1999	1950-60	1960-70	1970-80	1980-90	1990-95	1995-99
<i>Nordic:</i>													
Denmark	53.2	60.2	62.1	77.5	74.5	78.1	a75.9	1.2	0.3	2.2	-0.4	0.9	-1.4
Sweden	67.3	70.7	66.6	78.2	82.4	87.5	a86.4	0.5	-0.6	1.6	0.5	1.2	-0.6
Norway	47.9	51.6	50.0	54.1	53.1	52.5	b53.3	0.7	-0.3	0.8	-0.2	-0.2	0.5
Finland	29.9	29.3	51.4	70.0	72.5	78.8	a78.7	-0.2	5.8	3.1	0.4	1.7	-0.1
<i>Centre:</i>													
Germany	33.9	34.2	31.8	33.6	29.9	26.5	a23.4	0.1	-0.7	0.6	-1.2	-2.4	-4.1
Austria	57.9	57.8	55.4	50.8	45.2	38.9	a36.5	0.0	-0.4	-0.9	-1.2	-3.0	-2.1
Switzerland	40.1	38.6	29.9	30.7	26.3	22.7	b22.2	-0.4	-2.5	0.3	-1.5	-2.9	-1.1
Netherlands	42.0	41.0	36.0	32.4	22.3	22.9	b22.0	-0.2	-1.3	-1.0	-3.7	0.5	-2.0
Belgium	40.2	40.7	42.3	56.6	56.7	59.8	..	0.1	0.4	3.0	0.0	1.1	..
<i>South:</i>													
France	30.2	19.2	21.0	7.1	9.2	8.6	..	-4.4	0.9	-2.0	-6.0	-1.3	..
Italy	40.3	22.2	34.0	44.4	33.6	32.4	b30.9	-5.8	4.4	2.7	-2.7	-0.7	-2.3
<i>West:</i>													
UK	43.8	43.5	47.3	52.2	38.1	32.1	29.5	-0.1	0.8	1.0	-3.1	-3.4	-2.1
Ireland	37.1	43.8	48.6	55.3	45.0	41.0	38.5	1.7	1.0	1.3	-2.0	-1.8	-1.6
<i>Overseas:</i>													
USA	28.4	28.9	25.9	21.1	16.1	14.9	13.9	0.2	-1.1	-2.0	-2.7	-1.5	-1.7
Canada	32.8	28.3	29.8	33.2	30.4	33.2	30.1	-1.5	0.5	1.1	-0.9	4.5	-1.4
Australia	50.4	49.1	44.4	47.2	44.7	35.2	..	-0.3	-1.0	0.6	-0.5	-4.7	..
N. Zealand	60.0	54.0	46.1	53.3	45.9	24.3	..	-1.0	-1.6	1.5	-1.5	-11.9	..
Japan	46.2	32.2	34.5	30.3	25.9	23.8	22.2	-3.5	0.7	-1.3	-1.6	-1.7	-1.7
<i>All countries:</i>													
Average	43.4	41.4	42.1	46.6	41.8	39.6	40.3	-0.5	0.2	1.0	-1.1	-1.1	..
Weighted*	35.8	31.8	31.6	30.5	24.9	23.1	19.6	-1.2	-0.1	-0.4	-2.0	-1.5	..
Std.dev.	11.1	13.9	12.6	17.9	20.3	22.8	23.8	2.0	2.0	1.6	1.6	3.4	..
N	18	18	18	18	18	18	14	18	18	18	18	18	14

Sources: Ebbinghaus and Visser, 2000; Visser, 1994; and updates and calculations by the author.

Notes: \*weighted by 1995 GDP; a) 1998, b) 1997; annual relative growth:  $((x_{t+years} / x_t) - 1) ** (1 / years)$

USA and Germany remained stagnant despite strong economic growth. Some of this decline was due to the structural changes that undermined the union strongholds (Visser, 1990).

Despite these differences, some industrial relations experts predicted a 'withering away' of strikes as a consequence of the 'institutionalization of class conflict' (Ross and Hartman, 1960). The resurgence of

class conflict with the strike waves of the late 1960s contradicted such modernization theories and convergence predictions (Crouch and Pizzorno, 1978). In fact, some social groups that had been traditionally weakly organized (such as women, white-collar workers, civil servants, unemployed and foreign workers) were now beginning to mobilize. Soon, however, the rising unemployment following the first oil shock in 1973 led to further challenges. But in contrast to the convergence expectation of the modernization school, the 1970s and 1980s with the beginning of intensified globalization became the period in which the fate of unionism seemed to diverge the most (Golden, Wallerstein, and Lange, 1999; Visser, 1994).

The differential impact of unemployment can be seen in the growth or at least the stability of union density levels in countries with Ghent unemployment insurance (Belgium, Denmark, Finland, Sweden) during the 1980s and 1990s, which were small economies dependent on the world market (Ebbinghaus and Visser, 1999). On the other hand, union movements under Anglo-American voluntarist labour relations came under pressure when union securities were abolished and when private and public employers seized the occasion to decentralize bargaining and to even go 'non-union' in order to pay lower wages (Freeman and Medoff, 1984). Most dramatically, union membership dropped in the UK after several legal changes by the Conservative government in the 1980s and also in New Zealand after the abolition of arbitration rules in the early 1990s. Yet the Canadian and Irish union movements seemed least affected by decentralization and deunionization, in the latter case they successfully initiated national concertation between employers and unions.

Corporatist involvement common on the continent has not prevented a decline in membership for the Dutch, Swiss, Austrian and German union movements, though it occurs more slowly than in the Anglo-American market economies. In the case of Germany, unification has brought its own particular problems of high unemployment and low employer organization in the East. The French unions too have suffered from decentralization and are now very weak (only every tenth worker is a union member), while the Italian unions have also seen their active membership decline but still organize every third worker. The most important difference between the Continental European union movements (with the exception of Switzerland) is the high bargaining coverage that exceeds union density thanks to the larger degree of employer organization and / or legal extension of collective agree-

ments on non-members by the state (Traxler, Blaschke, and Kittel, 2001). While in the Anglo-American 'voluntarist' labour relations, the continuing trend of decentralization and deunionization has led to a decline in coverage rates, the Scandinavian unions can guarantee a high coverage through their strength and the Continental European unions through employer organization or state intervention in bargaining.

Globalization is commonly linked to the decentralization of collective bargaining and the decrease in public sector employment, both of which undermine the strength of unions. However, these pressures are mediated by state traditions (Crouch, 1993). Among the most export-oriented small economies, the Scandinavian countries and Belgium maintain their high level of unionization, while some of the other export-oriented economies, including united Germany, have seen membership decline as a consequence of high unemployment, structural employment changes, and decentralization pressures. Nevertheless it is striking that the larger countries seem to be more affected by deunionization than the small countries (the average union density is higher than the rate weighted by the size of the economy, see Table 2).

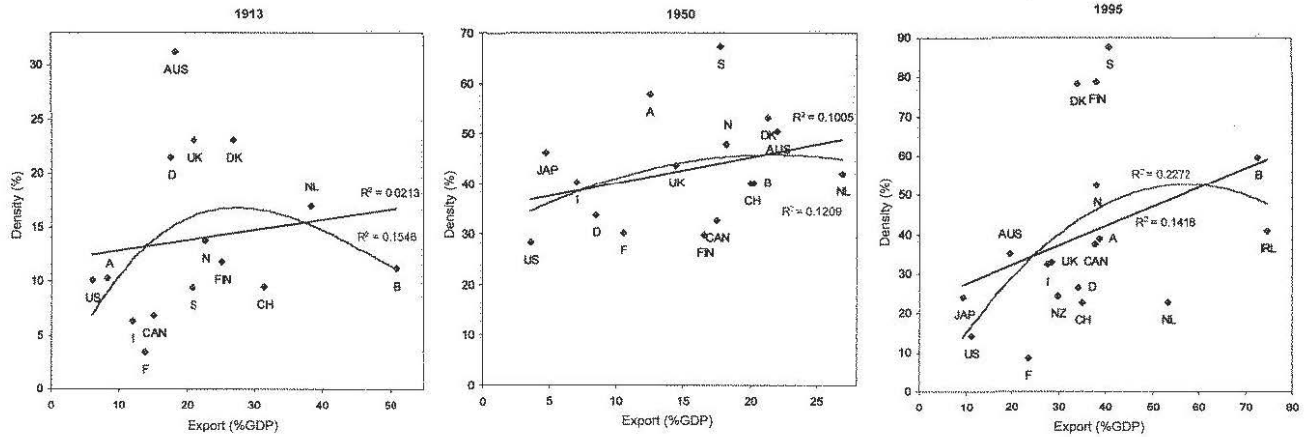
## THE PARADOX OF INDUSTRIALIZATION AND GLOBALIZATION

During the early (prewar) period of industrialization and globalization, unionization spread across all industrializing countries, albeit rather unevenly. The timing and sequence of the development of union movements and working class political parties varied considerably across Europe and across the new settler nations, with long-term consequences for the politicization of labour movements. Moreover, the early development of fragmented craft-cum-general unionism left its mark on these union movements, while more centralized industrial unionism emerged in Northern Europe. While industrialization encouraged the formation of working class movements in all of these countries and disseminated the idea of worker solidarity internationally, very different political and social conditions led to cross-national diversity in union organization. Thus the 'converging' forces of industrialization and early globalization led paradoxically to cross-national diversity and divergence in union trajectories. Only in the early 1920s,

during a period of less internationalization, unionization and radicalization seem to have affected all developed capitalist societies, while the Great Depression led to divergent national responses with respect to labour relations. It is interesting to note that, paradoxically, during the 1950s – a period with less international trade than the prewar period or recent years – wide-spread union mobilization led to an initial convergence across countries at an unprecedented level of unionization (the standard deviation of union density was then the lowest of the entire postwar period). Since then, the intensification of international trade seems again to have led to divergence in union trends, not convergence.

Today's 'globalization-leads-to-convergence' thesis implies that intensive economic internationalization hampers unionization since mobile capital amplifies "exit" options and this weakens organized labour vis-à-vis employers. However, when we look at the pre-1914 period of intense international trade, we find rather contradictory historical evidence. It is among the more export-oriented nations that unions gained relative strength (e.g. the UK, Denmark) or experienced rapid growth (Northern Europe), while unionization was less widespread in the least export-oriented nations and large domestic markets (especially North America, Southern Europe and Imperial Austria). This is also illustrated by a plot of export (% GDP) and union membership (% dependent labour force) for 1913, which shows a weak but positive linear correlation and some indication for a hump-shaped relationship between internationalization and union strength (see Figure 1a). The same curve-linear relationship between export-orientation and union density seems to hold also for later periods, be it the less globalized 1950s or today's internationalization (see Figure 1b and 1c). For both postwar periods, unionization is at a medium level for the very highly export-oriented small economies (the Benelux countries and also Ireland today), while the Nordic countries have very high levels of unionization but medium levels of export dependency. Prior to 1914, the least internationalized large-domestic market economies show the lowest levels of unionization throughout the postwar period. This bivariate cross-national comparison suggests that the degree of internationalization does not necessarily hamper and may even foster organized labour's growth. Moreover, in contrast to the globalization thesis, we find less cross-national divergence and less of a positive impact of export-orientation on unionization patterns during the period that is marked by a lower degree of globalization (1950s) than either the pre-

FIGURE 1  
Exports (%GDP) and Union Density (%), Selected OECD Countries, 1913, 1950, 1995



Sources: Ratio of merchandise exports (%GDP) 1913 and 1950; Maddison, 1989: 143; 1995 total exports (in %GDP): OECD, *Economic Survey*, Paris: OECD. Union density: see sources in Table 1 and 2.



war or the current period (see the flat linear and curved regression lines for 1950 in Figure 1).

The paradox of today's globalization is similarly the coexistence of convergence and diversity. Certainly, there are common challenges in that all union movements face increased decentralization pressures and employment changes induced by international labour costs competition. Moreover, welfare states encounter financial constraints and tax competition that limit the expansion of public employment, and governments are facing 'regime competition' that make state intervention in favour of organized labour a costly proceeding. Nevertheless, we do find increased cross-national diversity in unionization patterns as well as in union responses to these challenges (see Table 2). While it is true that union density has declined on average since it peaked in 1980, cross-national diversity has also amplified (see the increase in the standard deviation). Union decline and low unionization rates are particularly pronounced among the larger economies (especially the US and Japan), who are actually the least globalized with respect to export-import penetration due to their larger domestic markets. In regression models for union density in OECD countries, a recent comparative study found only a positive relationship between trade openness and unionization, but concluded for other globalization measures (financial deregulation and foreign direct investment) 'that there is little evidence of a notable and persistent impact on density of our direct measures of internationalization' (Traxler, Blaschke, and Kittel, 2001: 83).

National institutional and political factors as well as domestic structural changes seem to have played as much a role in the downward spiral of decentralization and deunionization as globalization. On the other hand, in small open economies where they had profited from corporatist labour relations in the past, the unions came under pressure too. Yet their fate seems to have varied according to the particular institutional and political contexts. It is too early to predict whether the recent revival of tripartite concertation and the adaptation of welfare states will provide new opportunities for organized labour to regain its political and economic role. Moreover, as a consequence of membership decline and economic restructuring, union leaders have sought to restructure the organizational landscape by mergers and alliances, overcoming traditional political, social and sectoral divisions. Hence, we should take the thesis of globalization and union decline not at face value, but confront it with a historical and comparative study of union

development. The 'globalization leads to convergence' thesis seems to be a myth that paints a crude picture of union growth in the past and projects a undifferentiated trajectory of union decline into the future. It ignores the differential impact of national institutions and the leeway for strategic responses by collective actors to seemingly unbending globalization pressures.

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