Trade unions and the Future of Democratic Capitalism

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Chapter 9

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During the 20th century, trade unions and employers' organizations had a firm place in modern market economies. Union organizations were the counterweight to business, striving to compensate for the vulnerability of the individual worker to the risks of the market. As an economic and as a political organization, trade unions could raise wages, improve working conditions and promote centre-left political parties, which represented their interests in the political arena. Social insurance and redistribution, employment protection, health and safety and the expansion of the middle class over the last 100 years were directly connected to the presence of trade unions. Their organizations and functions emerged in the process of industrialization in the late 19th century parallel to employers' organizations.

From the vantage point of the second decade of the 21st century, 20th century industrial organization has been undergoing tremendous change. These developments have impacted on political parties' and industrial interest associations' capacities to make and affect public policies and ultimately to affect economic outcomes, such as economic growth, unemployment and inflation. Nevertheless, the stark cross-national diversity in industrial relations and political mobilization of labour, crystallized through long struggles, has not simply disappeared without a trace in contemporary post-industrial capitalism. Some critical elements linger on and separate in particular the Scandinavian from the Continental European polities, even though they are often combined under the rubric of “coordinated” market economies. These two, in turn, are still, in some ways, set apart from both the Anglo-Saxon liberal political economies, where the decline of organized labour has been most pronounced, as well as from the Mediterranean “mixed-market” capitalisms, with rather strong state intervention. As asserted in this book’s introduction, there are common shocks and directions of change, albeit without entirely removing the cross-national diversity of industrial relations systems and their capacities to cope with the challenges of market allocation.

Since the mid-1980s trade unions are rapidly losing members and influence in almost all industrialized countries. The loss of employment in manufacturing, the rise of service sector employment, the emergence of global value chains as well as political and policy changes have altered the way employment is organized in advanced industrialized economies today. Instead of steady wage gains in line with productivity increases for the standard worker, wages for the majority of workers are stagnant; instead of highly regulated employment relationships, labour markets are liberalized, centralized collective bargaining structures are dismantled and social inequality has been continuously rising. In many countries trade unions have almost completely retreated into the public sector.

Only two decades ago, no observer would have expected trade unions to disappear from the scene. The contribution by Golden, Wallerstein and Lange (1999) in the Volume on Continuity and Change in Contemporary Capitalism (Kitschelt et al. 1999) painted a worried, but still confident, scenario. They nevertheless argued that persistent diversity between countries would refute any general theory as to why unions are in decline. This left hope that erosion of union organization was just a temporary phenomenon. Moreover they stated that: ‘the current weakness of unions appears, in most countries, to be more a product of sustained unemployment (and occasional political assault) than an increase of institutional decay’ (Golden, Wallerstein and Lange 1999, 225). Institutions were found to be significantly more stable compared to union membership.

However, only two years later, a research report for the Fondazione Rolofe Debenedetti in 2001 came to a more sceptical conclusion. The authors assumed that union membership would continue to decline, alongside changes in labour market institutions. The most likely scenario would be a long-term decentralization of collective bargaining, which would weaken attempts to coordinate wage bargaining at a national level. National coordination of bargaining would be replaced by wage bargaining in large firms, which might or might not transcend national boundaries (Boeri et al. 2001, 117).

More recent assessments are even more outspokenly pessimistic. Baccaro and Howell (2011) state that there is a general direction of change in virtually all industrialized countries towards trade union decline, differentiated collective bargaining and increasing firm-level diversity. Avdagic and Baccaro argue that the current trends point to a decrease in the relevance of trade unions everywhere with no credible sign of reversal in the future (Avdagic and Baccaro 2012). If this assessment is correct – and there is no reason to fundamentally doubt it – the question arises as to what the likely implications of these transformations for the future of democratic capitalism are? How will an on-going decay of labour market institutions and union representation affect the workings of advanced industrialized economies?

Three theoretical approaches give us some information on the role of trade unions and labour market institutions in democratic capitalism: power resource, neo-corporatist and varieties of capitalism theories. Let us consider here what implications they might have for the development of industrial organization, when exposed to the shocks of technological change in the occupational structure and globalization experienced by postindustrial capitalism since the 1980s. How much are the pre-existing industrial relations organizations of business and labour capable of withstanding the new shocks? How will their bargaining systems fare—in terms of coverage of wage earners, centralization and coordination of negotiations? Are these institutional fabrics still associated with distinctive macro-economic outputs and outcomes?

In the spirit of *power resource theory of labour union power* (Korpi 1989; Esping-Andersen 1985; Palme 1990), employers are expected to take advantage of the job displacements precipitated by external shocks. But where unions are strong, this theory may expect them to remain tenacious and hold on to some power even under the impact of shocks. The decline of union organization, as well as the decline of centralized bargaining, may therefore be directly proportional to the union power at the beginning of the 1980s.

Two other perspectives, the *neo-corporatism theories* and *varieties of capitalism* theories, may have somewhat different expectations. They stipulate a bifurcation of viable industrial relations regimes. At one extreme, there are highly organized, centralized systems of symmetrical power of business and labour associations that are able to coordinate through elite accommodation (corporatist governance/interest intermediation, coordinated market economies, CMEs).[1] At the other extreme, there are less organized, decentralized, divided sectors of economic interest associations with little capacity to engage in coordinated bargaining (pluralist interest intermediation, liberal market economies, LMEs).

In general, both neo-corporatist and varieties of capitalism perspectives consider "pure" cases of either corporatist coordination-centralization or liberal competition-decentralization as more efficient equilibria than "mixed" cases of partial centralization and coordination (cf. Calmfors and Driffil 1988; Hall and Gingerich 2009). Whereas the former are likely to sustain a resilient fabric of associations and associated economic performance, the latter see weak associations further degrade, but with little harm to economies that are anyway relying on market allocation. A difficult question is, therefore, what happens to this intermediate group with partially centralized industrial relations organizations and a lack of coherence of liberal or coordinated market institutions that encompasses industrial relations, corporate

[1] As references for the corporatism literature, see Lange and Garrett 1985, Pizzorno 1978, Schmitter 1974). For the varieties of capitalism literature, see especially Soskice 1999 and Hall and Soskice 2001. The varieties of capitalism perspective develops out of the corporatism literature, adding onto a close consideration of firm-level corporate governance and industrial training regimes. The predictions of both perspectives about the fortunes of industrial interest associations are, therefore, very similar.

governance, occupational training systems, and research and development (Hall and Soskice 2001)? One might venture a guess that these incoherent sets of political-economic institutions are particularly hard-hit by the exogenous technological and globalization shocks. Since it is less costly to let interest associations disintegrate than to build centralized interest associations, it is likely, therefore, that incoherent systems converge on the disorganized state of affairs in liberal market economies (LMEs) through a rapid decline of capital and labour associations and a disintegration of centralized wage bargaining. They will continue to deliver a worse economic performance.

In other words, while the power-resource perspective may expect a gradual decline of interest associations proportional to the peak of mobilization in the 1970s and 1980s, the corporatist/varieties of capitalism perspective expects a bifurcation: highly organized corporatist systems stay put, while in intermediate incoherent systems and in liberal market systems industrial interest associations disintegrate and centralization as well as coordination of bargaining implodes. In macro-economic terms, the power-resource perspective makes predictions primarily concerning distributive outcomes (strong left mobilization leads to more redistribution) and, to a lesser extent, economic performance. The corporatist/varieties of capitalism perspectives also predict that “congruent” institutional systems approximating either the coordinated market economy (corporatist) type or the liberal market economy type, rather than a mix of the two, perform better.

As a matter of fact, however, the data for the last twenty years show patterns that imply that a mixture of both theoretical perspectives is at work. National institutional configurations adjust to new power constellations that derive from economic and societal changes. Most importantly, the process of the disintegration of organized economic interests is asymmetrical and multi-dimensional, as discussed in section 9.1. Apparently consistent with power-resource perspectives, labour organizations decline more steeply than business associations, and especially where the former were weaker to begin with.

But wage bargaining coordination and even centralization do not change in lockstep. The simple dichotomies of the varieties of capitalism literature, and even the addition of intermediate incoherent cases, do not entirely reflect the diversification of industrial organization and wage bargaining in the 1990s and 2000s. Consequently, at the macro-economic level, as discussed in section 9.2.,it has become harder to detect an impact of the more complicated and multi-dimensional industrial relations regimes on macro-economic outcomes, such as inflation, growth, and employment. Nevertheless, as the financial crisis and the crisis of European integration—particularly in the Euro currency union—since 2007 demonstrate, distinctive industrial relations regimes plausibly leave some imprint on economic performance, albeit without validating the old uni-dimensional models and dichotomies.

9.1. The decline and transformation of labour market institutions

Strong labour market institutions dominated much of the western world throughout the 20th century and particularly during the four decades after WW II. National economies were largely characterized by manufacturing industries, whose workers were likely to be unionized and whose wages would be set in negotiation with these unions. Unionized manufacturing firms were trendsetters for wage setting in other parts of the economy and trade unions played an important role in national politics and welfare expansion.

In this section, I analyse the changes of key indicators of labour market institutions over the last three decades, based on aggregate country-level indicators of union density rates and institutional characteristics of wage-setting, which are the standard data used to characterize industrial relations systems. They cover the affluent Western countries of the OECD. In order to sharpen the analysis, in line with theoretical assumptions about different types of market economies exposed in the introduction to this volume, I group the countries in the extended VoC framework into Liberal Market Economies (LMEs) (Australia, Canada, Ireland, New Zealand, the United States, the United Kingdom), Coordinated Market Economies (CMEs) (Austria, Belgium, Germany, Luxembourg, the Netherlands), Nordic CMEs (Denmark, Finland, Norway, Sweden) and Mixed Market Economies (MMEs) (France, Greece, Italy, Portugal, Spain), a group referred to as state "capture" based political economies in the terminology of the introduction to this volume. In addition I use data from the European Social Survey on the composition of union membership.

Following standard VoC arguments, coordinated market economies are defined by decision-making in key economic activities that are not market-based but rely on strategic interaction (coordination) of large firms, their interest associations and trade unions. Nordic CMEs have additional features of coordination, such as a strong public sector, high levels of centralization and strong institutional support for trade unions. Liberal market economies primarily rely on market exchanges.

Mixed market economies, as defined by Molina and Rhodes (2007), are characterized by the central role of the state in facilitating coordination and compensating for the lack of autonomous self-organization of business and labour. Labour and business have traditionally used their access to state resources to maintain their position in the political economy. Mixed market economies can be seen as part of the family of coordinated market economies, in the sense that the economic actors, trade unions and business organizations, have similar organizational features to CMEs. Business organizations often hold monopolies or quasi monopolies over membership domains and have privileged access to state resources. Unions are frequently politically divided and compete strongly over political influence. However, the actors do not have similar capacities to CMEs nor do they use these capacities for autonomous coordination like CMEs. Rather, organized interests use their resources to lobby the state for protection or compensation.

9.1.1. Union membership

A quick glance at union membership data reveals the diversity of unionization rates in Western Europe. The discrepancy between membership rates in different countries is far more pronounced than, for instance, party affiliations or voting patterns. This already indicates that there is no 'natural' pattern of unionization in advanced industrialized countries, but that institutional factors shape union organizations to a great extent. Over time, unionization patterns have not converged, but rather diverged, even though most followed roughly similar trends of rising membership strength during the 1970s and decline since the early 1990s.

However, there is a clear and expected trend of declining union density rates across the OECD (Figure 9.1). Overall density rates declined from 45% (1980s average) to 30% (2000s average) (Table 9.1). A significant difference exists between unions in Nordic CMEs and all other groups. While the average union density rate in all other group stands at around 24%, Nordic CME countries still have a density rate of above 70% in the 2000s, mainly because they administratively tie unemployment insurance coverage to union membership, with this so-called “Ghent system” thus providing an additional membership incentive (Lind 2009, Rothstein 1992).

“insert Figure 9.1 and Table 9.1 about here”

The strongest decline in unionization took place in LMEs, where union density rates decreased from 44% to 25% over three decades. In both Continental CMEs and Mixed Market Economies, where unionization was weaker to begin with (roughly 35% in the 1980s), a drop by about one quarter of union density took place over a 20-30 year period. In general, this pattern confirms expectations of the power-resource perspective, but is mildly inconsistent with the other perspectives. The weakest labour unions in the 1980s took the biggest hit ever. The hit was also pretty substantial in a number of CMEs, whether coherent or not.

9.1.2. Employers’ organizations and collective bargaining coverage

Collective bargaining coverage and employers’ density rates are highly correlated (.806**; Table 9.2). This is due to the fact that firms that belong to employers’ organizations participate in collective bargaining that covers the workforce of those firms. High levels of employers' density thereby almost automatically translate into high levels of bargaining coverage. Discrepancies occur when collective agreements are extended to firms that do not belong to employers' organizations or when firms are members of an employers' organization without participating in collective bargaining.[2]

"insert Table 9.2 about here"

Comprehensive data on employers' organizations is only available for the most recent period and, for most countries, no trend can be established. As expected, CMEs have the highest level of employers' density: 87%, on average, for the whole period. This has declined from 96% in the 1980s to 82% in the 2000s. In comparison, the lowest level of employers' organization is to be found in LMEs with 51% and – also as expected – followed by CEE with 60% and MMEs 74%.

As with union density, we find a strong stratification of developments since the 1980s (table 9.1.). In Nordic CMEs, both employers' organizational density and bargaining

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[2] This is a relatively recent phenomenon in Germany, where employers' organizations set up subsidiaries for firms that did not want to be bound by collective agreements: OT (without agreement status).

coverage have gone up from high levels, while in Continental CMEs they have maintained the very same high level. Starting from a slightly lower level, they declined a bit in MMEs, but virtually collapsed in LMEs. This pattern appears to be most consistent with the corporatist/varieties of capitalism perspective.

The coincidence of an institutional stability of bargaining coverage and employers' organization with an on-going decline of union density rates in CMEs supports the assumption that coordination does not depend on trade unions' power resources but might be due to employers' preferences for coordination and a function of the fabric of political-economist coordination as a whole, as asserted by the varieties of capitalism perspective.

9.1.3. Wage bargaining centralization and coordination

Theoretically, employers' density rate or coverage does not predict the centralization of collective bargaining. Empirically, however, both are significantly correlated (Table 9.2). Higher levels of employers' density and bargaining coverage relate positively to higher levels of wage bargaining centralization.

The country type averages reveal interesting diversity. Starting from low or very high levels, the drop in collective wage bargaining centralization is precipitous in both LMEs and Nordic CMEs. It is substantial, but less pronounced, in Continental CMEs and MMEs have sustained a level of centralization that makes them the set of countries with the highest average centralization in the 2000s. Wage bargaining decentralization took place either through pro-active institutional reforms such as in

Sweden, Australia or New Zealand, or it occurred more gradually and informally through an increasing amount of company level bargaining, which eroded collective bargaining at a regional or national level.

Wage bargaining coordination may proceed with less than perfect centralization, e.g., when companies or sectors take wage leadership. Yet, the last columns of table 9.1. reveal that coordination fell in roughly similar patterns differentiating the four groups of countries as far as centralization is concerned: from low levels, the decentralization is greatest among LMEs, followed by Nordic and Continental CMEs, with MMEs sustaining rather high levels of coordination.

Overall, the CME category, highlighted in the varieties of capitalism literature, shows little internal similarity of members. The pressure for decentralization and liberalization is great in Nordic CMEs, but tempered by continuing high levels of labour and business organization and collective bargaining coverage. Conversely, Continental CMEs sustain higher, albeit eroding, levels of coordination, as well as high coverage, but at lower levels of union and employer density. This may be an indicator of growing divides between wage bargaining insiders and outsider companies and wage earner categories. MMEs see declining union and employer density, yet continued solid collective bargaining centralization and coordination. Political leverage may have kept unions at the bargaining table, despite declining leverage, in order to stave off worse outcomes implemented without their participation.

Taken together, the evidence from macro-level indicators shows that, over time, unionization rates have significantly declined in all groups of countries. A more detailed discussion of unionization rates will be provided in the following section. However, other institutional indicators such as employers' organizations, collective bargaining coverage, coordination and centralization have shown a more nuanced pattern of some resilience in CMEs and MMEs while LMEs and CEEs have drifted more towards a largely unregulated system of collective bargaining and employers' coordination and organization.

Institutional resilience can be due to the lack of appropriate indicators to measure change. Baccaro and Howell have argued that creeping changes of the content of collective bargaining at a national level might change the dynamic of the system, while leaving formal institutions intact. These changes cannot be detected by formal indicators that measure only the predominant bargaining level (Baccaro and Howell 2011).

However, on-going collective bargaining, carried out by highly organized employers' confederations and covering large numbers of employees, continues to install an element of harmonization and standardization of pay grades across industries. The degree of standardization of working conditions that occur in CMEs, and to some extent MMEs, through wage bargaining should not be underestimated for the regulation of the labour market. This could imply that coordination persists among business, while union organization continues to decline. Coordination of business, therefore, outlives trade union organization and trade union strength.

9.1.4. Unionization of insiders and outsiders

A different aspect of the changing nature of trade unionism points to the increasing trend towards labour market segmentation. Recent research on dualization has explored the process in which policies differentiate between rights, entitlements and services among different groups or categories of entitled citizens. Labour market insiders are in a secure employment position, while those without or with insecure employment are labour market outsiders.[3] Dualization occurs when differential treatment of insiders and outsiders increases, when parts of the insiders are shifted to become outsiders, and with the development of new institutional distinctions between different groups of workers (Emmenegger et al. 2012 p.10).

Dualization particularly affects ‘new’ and non-traditional groups entering the labour market such as women, young employees or migrant workers, who are at risk of being clustered in the outsider group, as the probability of them entering stable and skilled standard employment relationships is, by trend, smaller than for older men (Schwander and Häusermann 2013; Barbieri and Scherer 2009). Until the 1970s, the precarious situation of women was not visible on a political level, as family and

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[3] Definitions of insiders and outsiders vary. See Schwander and Häusermann (2013) and Rueda (2007).

marriage policies provided protection. The past few decades have increasingly politicized this problem. The same also applies to the outsider group of migrant workers (Emmenegger and Careja 2012), who are considered the overrepresented group in non-standard, precarious working conditions (*ibid* p.128).

The emerging increasing cleavage between labour market insiders and outsiders has accentuated the question how trade unions mediate potential conflicts of interests. In most of the literature, it is assumed that unions organize labour market insiders (Becher and Pontusson 2011; Rueda 2007). This implies that union preferences are dominated by labour market insiders. If unions have to choose between the two groups, it is likely that they side with that of the insiders, even at the expense of labour market outsiders.

The data on unionization rates of insiders and outsiders comes from the European Social Survey (ESS). It includes trade union membership data and some information on the employment status of the respondent. This includes information of the age, gender, full-time/part-time employment and income as well as permanent/temporary employment.

The insider-outsider ratio is the weighted average of density ratios in various employment segments (gender, age, income, unemployment protection, working hours, sector). As an example, for the insider-outsider ratio, I calculated the ratio of trade union density of female over male members, the ratio between members below the age of 25 and above (25-65), the ratio of trade union members holding a limited term contract or no contract at all over the ratio of TU members having an unlimited contract, TU members having a monthly income categorized as lower median over TU members having an income categorized as upper median, etc. The mean of these ratios is the io-ratio.

Table 9.3 reports the ESS-based data on the unionization of various subcategories of workers. Small unionization ratios in table 9.3. indicate a large deficit in outsider unionization compared to insiders. On the whole, as assumed in the literature, trade unions in almost all countries are focussed on labour market insiders rather than outsiders. Unionization rates of those with above- average incomes, standard working hours, unlimited contracts and a history of steady employment are higher than those who are part-time, with limited contracts and below average pay. The widest gap is between younger and older workers.

“insert Table 9.3 about here”

In 2008, in fourteen Western European countries, the unionization rate of young workers is only one fifth of that of older workers. This is partly due to the generational difference that young workers combine several factors of labour market insecurity: they are more likely to be in insecure employment and work in the service economy, which makes unionization less likely. But it could also be a sign of what the future of trade unions will look like in two decades: only in Denmark and Finland were the unionization rates of the under-25-year olds above 20%. In 8 countries, unionization of young workers was below 10%. Big gaps also exist for part-timers with less than seventeen hours a week. On average, their unionization rate is only half that of full-time workers.

The smallest gap is between men and women. In six out of fourteen countries, female unionization rates are higher than male unionization rates – despite the fact that women, like young workers, often work in areas of less secure employment and are often seen, by definition, as labour market outsiders. Gender equality in unionization is most pronounced in LMEs and Nordic countries. Continental CMEs and MMEs have larger gender gaps. In other dimensions, notably regarding income, unemployment and fixed-term contracts, LMEs and MMEs are more segmented in comparison to CMEs and the Nordic countries, where unionization rates between the groups differ less. This is, however, partly due to the fact that Belgium shows patterns of Nordic CMEs when it comes to unionization patterns.

When all employment segments are combined, a pattern of an average unionization ratio of labour market outsiders versus insiders emerges. We can identify two distinct groups of countries: those countries where unionization amounts to a significant share of the overall workforce and those countries where unionization is confined to a particular segment of the workforce. I label the two groups ‘universalist’ and ‘segmented’ respectively. The first group of countries comprises the Nordic countries plus Belgium, the second group is made up of all other Western European countries. All countries with unionization rates above 40%, with the exception of Norway, have a Ghent system in which trade unions administer state-subsidized unemployment funds. Only four Western European countries- Sweden, Denmark, Finland and Iceland - have real Ghent systems. Belgium has a hybrid system; even though unions do in fact exercise a great deal of administrative control, it is often considered a *de facto*

Ghent system (Scruggs 2002). All other countries, with the exception of Austria, have unionization rates of considerably less than 30%.

Belgium turns out to have the most universal union system in Western Europe, followed by the Nordic countries and then by northern continental Europe, Germany, the Netherlands, Ireland and France. At the bottom are the UK, Portugal and Spain. In addition to having higher membership levels overall, universalist trade union systems are also less exclusionary for labour market outsiders. In other words, universalist unions attract both a relatively higher share and higher absolute numbers of labour market outsiders. Figure 9.2 compares unionization rates between insiders and outsiders. The data again shows that in all countries but Belgium outsiders are less likely to be union members than insiders.

“insert Figure 9.2 about here”

Segmentalist (insider-focused) unions on the other hand, recruit and reproduce their membership from existing strongholds. Depending on employers’ attitudes, collective bargaining institutions and production regimes can either be in manufacturing sectors or the public sector. There are very few examples of trade union strongholds in private services industries. Organizational developments of segmentalist trade unions are, therefore, more strictly path-dependent and opportunity-driven. These processes are borne out of the necessity to legitimize the use of membership funds, which restrict investments in new membership areas, as well as organizational boundaries and the distribution of power within the organization.

Disaggregated by our four groups of countries, the Nordic CMEs have the least insider/outsider division, as they include most Ghent systems. They are followed by the Continental CMEs, the averages of which only look closer to the Nordic countries because they include Belgium with its Ghent system, while the other Continental CME countries take a middle position between Nordic countries and MMEs. LMEs appear to have the greatest insider/outsider division, but we have to warn, that as protection for labour market insiders is low, the distinction between insiders and outsiders carries less meaning. The divide between insiders and outsiders thus tends to be most acute in CMEs and MMEs, both of which still have moderately high levels of unionization and wage bargaining coordination, but exclude substantial proportions of the labour market from such representation.

Overall, the traditional liberal market economies constituted one extreme pole of fragmented, disorganized industrial relations systems in the 2000s, even more so than ever before. At the same time, however, the identity of coordinated market economies, or even of a gradation of power-resource across political economies has broken up to such an extent as to make the existing uni-dimensional theoretical frameworks for understanding the processes of change more problematic. While there are correlations between union and employer density, collective bargaining coverage and wage bargaining coordination and centralization, they are sufficiently loose as to crystallize subgroups of clusters with rather distinct profiles of industrial relations systems.

9.2. Industrial relations and economic management and performance

There is a long and rich list of literature on the role of unions and labour market institutions for economic management and performance. The aim here is not to summarize all the evidence and literature but to point out some of the recent trends and the most remarkable developments, as they relate to the changes of industrial relations in the four groups of countries.

Regarding our theoretical expectations, power resource theory would expect a linear relationship between the strength of unions and labour market institutions and outcomes. Weaker unionization and weaker institutions translate into less involvement for unions in economic decision-making and ultimately greater social inequality. Neo-corporatism and VoC assumes that particular institutional configurations have beneficial effects for unions, governments and businesses alike, which are, in principle, self-sustainable. Higher levels of coordination and centralization provide opportunities for central decision-making on wages, which can be traded with policy adjustments. The decline of unions and labour market institutions, therefore, does not automatically imply a weaker role of unions in economic management, nor greater wage inequality in itself, but might endanger central decision making if coverage declines dramatically. The evidence shows that higher levels of coordination and centralization are still associated with better economic outcomes. However, as unionization declines, these benefits are increasingly restricted to specific economic sectors.

9.2.1 Trade unions and economic management

Trade unions played an important role in the Keynesian Welfare State. They were key-actors in economic management, primarily regarding wage expectation, but also in a wider sense of political influence over economic policy. Adjustments during the business cycle were constrained by the fact that nominal wages were rigid rather than flexible and expansive fiscal policies were used to counteract business downswings. Deflation or budget balancing on the one hand, generally added to a fall in prices but not wages; expansive monetary and fiscal policies, on the other, empowered workers in tight labour markets, who might be tempted to turn their bargaining power into nominal wages. Therefore, during the 1960s and 1970s, a mechanism was needed that enabled a macro-economic control over nominal wage developments. Governments employed various kinds of ‘incomes policies’ to either induce wage restraint or negotiate it (Hassel 2006; Braun 1975). As labour markets were tight, governments and businesses did not have any other policy tool to force unions to discipline wage expectations than to achieve trade union cooperation.

This model of economic management gradually eroded due to slower growth in advanced industrialized countries during the 1960s, inflationary shocks in the 1970s and the subsequent liberalization of capital markets. A crucial component of the shift in economic policy moving away from a ‘mixed economy’, as described by Shonfield, to an overwhelmingly liberal and private economy, was a new political understanding that put a premium on market mechanisms in contrast to state correction (Shonfield 1965).

The policy shift also occurred in economic theory, which now claimed that – contrary to Keynesian assumptions – demand-side policies led to price increases but had no effect on the real economy. Monetary policy aimed at controlling inflation and not at accommodating wage expectations by trade unions. Only supply-side policies could promote economic growth in mature national economies. Supply-side policies targeted market regulation and subsidies. Rather than accommodating and facilitating regulated markets, governments were keen to eradicate regulations that were prone to rent-seeking and inefficiencies. State failure, rather than market failure, moved into the centre of attention and the state itself became a key target for policy reform.
In that context, trade unions were forced to assume a different role. Instead of being the key institutional pillars for underwriting stability, protection and egalitarian wages, trade unions were increasingly perceived by policy-makers and business as rent seekers. They presented obstacles for supply-side reforms, flexible adjustment and competitiveness. Restrictive monetary policy punished high settlements with higher unemployment and, therefore, attacked trade unions directly and intentionally.

Trade unions met increasing political opposition, not just from centre-right governments, initially the Thatcher and Reagan administrations, but subsequently also from the centre-left. Policies of the ‘Third Way’, as initiated and developed by the government of Tony Blair in the UK after 1997, embraced supply- side policies as well as public service reforms, and had a similarly sceptical view of trade unions as the centre-right. Trade unions, therefore, not only met increasing opposition from business but also in the political arena. Fritz Scharpf concluded that, in a neo-liberal setting, the cooperation of trade unions was not required any more (Scharpf 1991).

However, the move towards supply-side policies and restrictive monetary and fiscal policies did not initially diminish the importance of trade unions. Austerity and deregulation policies were politically costly for governments. In many countries, where proportional representation dominated and governments were in coalition, there was still a tendency to cooperate with trade unions over wages and social policy reforms. The 1990s in particular saw a new wave of tripartite agreements between government and unions over wage restraint in the context of economic restraints by European Monetary Union (Hassel 2006, Hancké and Rhodes 2005). Governments realized that the economic costs of negotiated adjustment were lower than forcing trade unions to accept new realities of high interest rates and higher unemployment. These tripartite negotiations largely vanished once EMU set in and governments could temporarily relax over public deficits and inflation differentials. This also showed that social pacts were not intended as a permanent policy tool but rather a temporary and instable phenomenon (Avdagic et al. 2011).

Over time, a new economic and political reality set in. Flexible labour markets, activating social policies and supply-side economic policies have largely succeeded as policy blueprints – even after the financial crisis of 2008. They were reinforced by policy-recommendations from international organizations, such as the OECD, the World Bank and IMF, and became part of the policy agenda of the EU Commission. Today, they are part of the parcel of Troika recommendations in the conditionality section of bail-out programmes (Armingeon and Baccaro 2011).

Globalization and the rise of the service economy added to the policy change. The opportunity of off-shoring altered the conditions under which manufacturing firms were willing to invest in advanced industrialized countries. Concession bargaining and vigorous cost-cutting became standard management practices in big manufacturing firms. Permanent core workers remained largely protected, but an increasing share of manufacturing workers moved into fringe employment, which was temporary and insecure. In the service sectors, where unions remained weak and underrepresented, working conditions and employment protection were below manufacturing standards in many areas and remained as such.

Therefore, the wave of tripartite concertation during the 1980s and 1990s, which gave European trade unions a new temporary lease of life, did not solve the fundamental dilemma trade unions found themselves in with the end of the Keynesian Welfare State. The new economic policy paradigm focused on liberalization, deregulation and supply-side reforms. Trade unions benefitted from regulation and Keynesian demand policies and were, therefore, a natural target of policy-makers who were seeking change. The financial crisis did not change this. While governments continue to hold on to a neoclassic macro-economic paradigm that recommends constant supply-side reforms, trade unions did not gain from the rise of critical perspectives on financial capitalism. Unions were neither generally consulted over austerity policies, nor did social pacts or policy concertation revive during the financial crisis.

Insert figure 9.3. about here

Power resource theory can neither explain the rise nor the decline of policy concertation over the last three decades. Rather, neo-corporatist theory assumes a return to policy concertation to lure trade unions into cooperation during an economic boom. New attempts to utilize the beneficial effects of neo-corporatist policy-making drove governments to engage in social pacts. This is the case even under conditions of increasing union weakness. The decline of social pacts after the crisis, however, shows the limits of neo-corporatism as a policy tool.

9.2.2. Effects of industrial relations on economic performance

In the literature, the effect of industrial relations institutions on economic performance is widely established (Traxler et al. 2000). Different types of bargaining institutions and unionization have affected nominal wage changes and unemployment levels. Based on basic assumptions about union behaviour in different institutional settings, this literature embeds the assumptions of neo-corporatism and assumes that trade unions face a trade-off of choosing between pay and employment. Union bargaining strategies can favour one over the other. Industrial relations institutions enable trade unions to exercise nominal wage restraint, while at the same time making wages less flexible and generally more compressed. In the VoC literature, comprehensive wage bargaining institutions ensure that companies do not compete for skilled workers by leap-frogging. Either way, centralized wage bargaining provides a dampening effect on wages, which in turn contributes positively to economic performance.

Economy-wide coordination mechanisms have been identified as the most important factor influencing wage bargaining behaviour. Several authors have pointed out that the coordination of wage bargaining can take place even in organizationally decentralized wage bargaining institutions (Soskice 1990; Traxler et al. 2000). The lack of formal centralization can be compensated by a wage bargaining structure that is organized around a pattern-setter mechanism or replaced by other mechanisms such as government intervention.

Without coordination of wage bargaining behaviour, local wage bargaining will reflect the local conditions on the labour market and not the wider economic constraints. Local bargaining can encourage leap-frogging, with highly profitable companies influencing the expectations of workers in other companies. Local trade unions that are not embedded in a national bargaining system tend to exploit their bargaining power, since they do not have any reason not to do so (Soskice 1990; Flanagan 1999).

However, centralization of wage bargaining might contribute to the power of trade unions. As union bargaining power increases, wage settlements can, therefore, be less responsive to economic constraints. In decentralized bargaining structures, unionized firms might be out-competed by non-unionized firms (Flanagan 2003). The result is a hump-shaped relationship, where highly centralized and highly decentralized wage bargaining institutions outperform intermediate levels of centralization (Calmfors and Driffil 1988).

With regard to empirical evidence, research has shown mixed results. Many studies covering the OECD countries between the 1960s and today find that labour market rigidities are related to institutional variables. For instance, in a comprehensive empirical study, labour market institutions were seen as a major explanation for differences in economic performance, accounting for 55% of the variation in unemployment, the generosity of the unemployment benefit system being the most important factor, followed by taxes and union density (Nickell et al, 2005).

The OECD Employment Outlook concluded in 2006:

> "Overall, recent empirical research suggests that high corporatism bargaining systems tend to achieve lower unemployment than do other institutional set-ups. Nevertheless, the evidence concerning the impact of collective bargaining structures on aggregate employment and unemployment continues to be somewhat inconclusive. The overall non-robustness of results across studies probably reflects, at least in part, the difficulty of measuring bargaining structures and practices, as well the fact that the same institutional set-up may perform differently in different economic and political contexts. One exception to this pattern is the robust association between higher centralisation/co-ordination of bargaining and lower wage dispersion. Evidence is mixed, however, about whether the compressed wage structures associated with corporatist bargaining reduce employment by pricing low-skilled workers – or those residing in economically disadvantage regions – out of work" (OECD, 2006 p.86).

Which institutions are responsible for rigidities and to what extent do these institutions matter? Baker presented a comparison of findings from 11 econometric studies between 1997 and 2005 and focused on a number of institutional variables, such as employment protection, unemployment benefit replacement rates, union density, a bargaining coordination index and the magnitude of the tax wedge, unemployment benefit duration, collective bargaining coverage and expenditures in active labour market policies. The review shows that so far no single institutional variable is consistently found to be significantly different from zero across all studies (Baker et al, 2007).

Another recent study by Baccaro and Rei focused on the same set of variables and data came to the conclusion that there was no robust evidence of labour market institutions' effects on the unemployment rate. The authors concluded that the within-country variation of bargaining coordination is not associated with lower unemployment and that bargaining coordination does not moderate the impact of other institutions (Baccaro and Rei, 2007). Similarly, a report by the EU Commission shows that encompassing labour relations have some moderating effects on nominal wage developments. Stronger labour relations contribute to positive economic outcomes on the labour market and have a robust dampening effect on wage inequality, poverty and gender pay inequality. It also argues that the effect of labour relations on economic performance seems to have become weaker in recent years (EU Commission 2008).

On the other hand, when assessing the periods before and after the financial crisis, the data is more supportive of a return to the positive effects of coordinating institutions. While economic performance during the years of the financial bubble, in the early 2000s, favoured LMEs, the post-crisis years again show a pattern of slightly better economic performance in countries with higher levels of wage bargaining coordination. CMEs as a group outperform LMEs after 2008, even when Ireland is taken out of the groups of LMEs. In particular the continental CMEs (Austria, Germany, Belgium, Luxembourg and Netherlands) all had lower unemployment rates in the post-crisis years (2008-2013) compared to the pre-crisis years (2001-2007).

MMEs have been hit hard by the financial crisis and the subsequent sovereign debt crisis. This implies that higher levels of coordination, combined with articulate trade unions, still carry some weight for crisis adjustment. As performance has diverged between the different groups of countries after 2008, we might expect a return to a bifurcated development of coordinated (corporatist) institutions versus liberal ones.

Insert figure 9.4. about here.

Wage inequality

During the golden years of Democratic Capitalism, centralized wage bargaining institutions and trade union strength have been key factors for explaining different patterns of wage and income distributions (Baccaro 2011, Bradley et al. 2003, EU Commission 2008, Pontusson 1996, Pontusson et al. 2003, Rowthorn 1992, Wallerstein 1999). Centralized trade union organizations pushed up wages for the low paid and centralized wage bargaining institutions ensured that standard pay scales were applied across all industries. As a result, countries with centralized bargaining institutions and strong trade unions tended to have more compressed wage structures as well as more egalitarian income distribution. Power resource theories would expect that a decline in union strength would be associated with an increase in wage inequality. Neo-corporatism and VoC, on the other hand, would assume that as long as bargaining centralization and coordination holds, there would be sufficient incentive for employers to maintain a compressed wage structure.

In recent years, the effects of labour market institutions on wage compression have been far weaker than in earlier decades (Baccaro 2011). Baccaro suggests that unions began to abandon egalitarian wage policies during the 1980s, due to increasing resistance by high skilled workers (Baccaro 2011). Wage compression made it harder for employers to recruit high-skilled workers, but also created competition between blue and white collar unions in Sweden, which contributed to the demise of centralized bargaining. In other cases, centralized bargaining lost its distributive function. ‘While income inequality increased in almost all countries in the sample, this increase does not seem to have been caused by the deterioration in industrial relations institutions (trade union decline and collective bargaining decentralization)’ (Baccaro 2011).

Baccaro does not find any statistical correlation between union decline or other labour market institutions and growing inequality (except in the Central and Eastern European countries). Instead, economic factors such as technology-induced shifts for the demand of skilled labour and increasing globalization seem to be better predictors. Similarly, Golden and Wallerstein report that the determinants of wage inequality are different in the 1980s and in the 1990s. While in the 1980s, growing wage dispersion was due to changes in the institutions of the labour market, including declining unionization and a decline in the level at which wages are bargained collectively. In the 1990s, increases in pay inequality were due to increasing trade with less developed nations and a weakening of social insurance programmes (Golden and Wallerstein 2011).

Moreover, as the literature assumes, there is evidence that more insider-oriented unions are correlated to higher levels of wage inequality compared to more universal trade unions. As the scatterplot in Figure 9.5 shows, countries where unions are more universal are also countries where wage inequality is comparatively lower. While the causality can, in principle, go both ways, with more egalitarian wages propping up union membership among outsiders, this might also hint at a process of social closure of some trade unions against labour market outsiders.

Insert figure 9.5. about here

9.3. Conclusion

In this chapter, I looked at trends of union and business organizations and their implications for the future of democratic capitalism. As in earlier assessments, the results concentrated on a steady union decline within much more stable wage bargaining institutions (Golden et al. 1999; Avdagic and Baccaro 2012). Given the rapid economic changes of deindustrialization and globalization, business coordination and wage bargaining centralization showed remarkably high levels of institutional resilience.

We can draw several conclusions from the observation that unions weaken while institutions remain relatively stable:

- Stability of wage bargaining institutions does not guarantee unionization rates. High levels of union density are almost exclusively due to the 'Ghent' system of linking union membership with unemployment insurance administration. Wage bargaining centralization or wage bargaining coverage does not prevent unions from declining. While union density rates are still positively related to centralized wage bargaining institutions, they cannot prevent union density rates from falling.

- Wage bargaining coordination can persist without union strength. Existing institutions have important benefits for employers as well as for unions. Coordination capacities can be exercised through employers' organizations, bargaining coverage and bargaining centralization, even though trade unions are very weak. Coordination and liberalization of labour markets can, therefore, go hand in hand. The decline of trade unions is, therefore, not in itself an indication that coordination also declines. It is not trade unions who push employers into coordinated wage bargaining institutions.
- While the unionization rates of women are catching up with those of men in a number of countries, unionization rates of young workers are worryingly low. In 2008, in no country in our sample, unionization rates of young workers were more than a quarter of those of older workers. Seen in this light, the future of unions appears pretty bleak.
- Union organizations that operate under Ghent systems have high coverage rates for labour market outsiders. They are generally universal. Countries with universal trade unionism are Denmark, Finland, Belgium and Sweden. LMEs have dualist union structure while CMEs become more segmented.
- Policy concertation re-emerged in Western Europe during the 1980s but is in secular decline since the early 1990s, as supply-side policies continue to dominate the policy agenda even after the financial crisis.

- Post-crisis economic performance indicates a return to positive effects of coordination and wage bargaining centralization. CMEs have outperformed both LMEs and MMEs in the post-crisis era.
- Moreover, wage inequality remains greater in countries with decentralized bargaining systems and segmented trade union structures. The corporatist/coordinated economies have still lower levels of wage inequality.

The trends that are described in this chapter imply that with the decline of unionization labour market institutions have become somewhat less important for economic management and the performance of modern economies. Governments pursue less policy concertation and the impact of institutions on performance has weakened.

Labour market institutions in *all* economic models are in a process of transformation. LMEs continue to liberalize and increase flexibility. MMEs have been hit hard by the sovereign debt crisis and labour market institutions are undergoing fundamental policy reforms. CMEs utilize their own comparative institutional advantages when responding to economic shocks and the rise of the service economy. In particular, dualization of labour markets and the increase of labour market outsiders has been a common trend.

However, labour market institutions are still relevant for the patterns of coordination of economies as VoC/neo-corporatist theory suggests. Rather than converging on a model of liberal market economies, CMEs (both continental and Nordic countries) continue to develop along their own trajectories based on business coordination and a more negotiated political economy. Continental and Nordic coordinated market economies pursue distinct paths and might over time diverge from each other into different models of coordination when coping with economic shocks (Thelen 2014). But the main finding is that their economies are still governed by different rules compared to both LMEs and MMEs.

Moreover, the observed trends of union decline do not have to persist. Change is possible at any time and social movements and political unrest can reverse the current decline. Nobody expected the outburst of social activism in the late 1960s before it occurred. Similarly, a new wave of activism might still follow the austerity policies of the financial crisis. However, there has been no sign that trade unions have benefitted from the financial crisis or that the current wave of austerity policy has increased trade union influence over governments.

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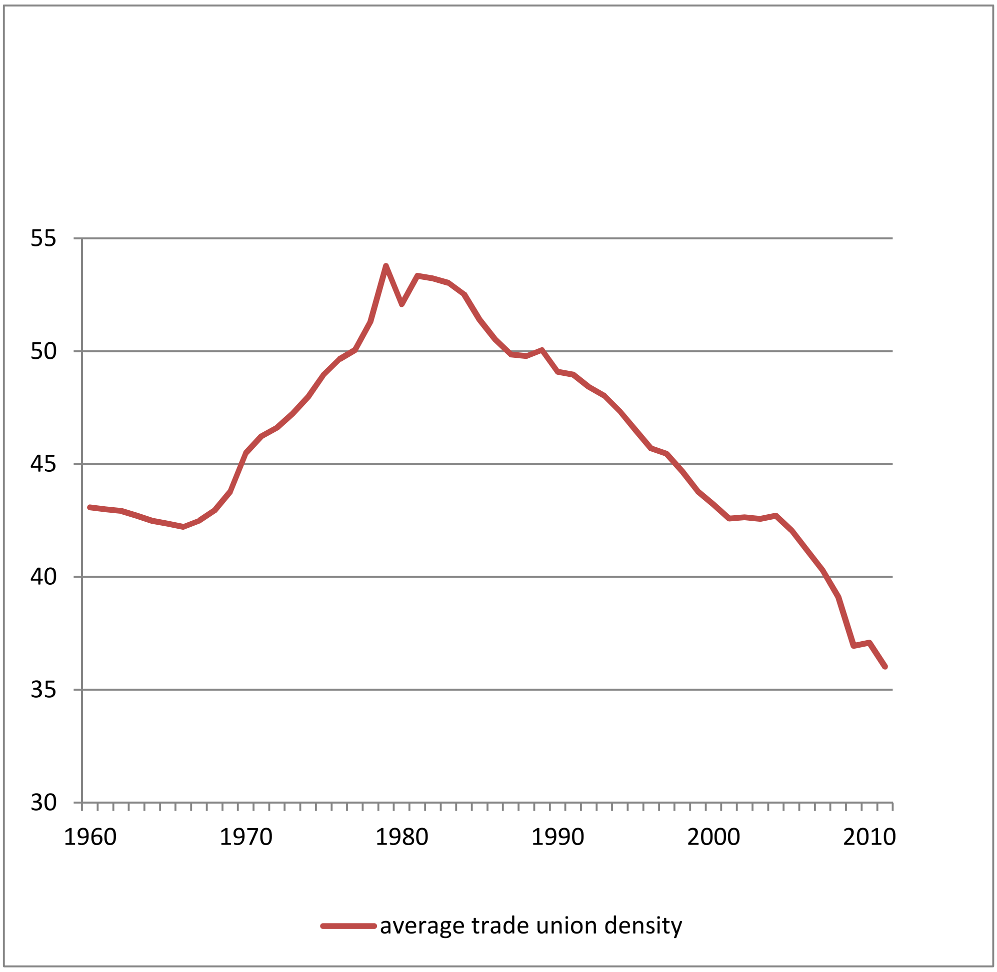
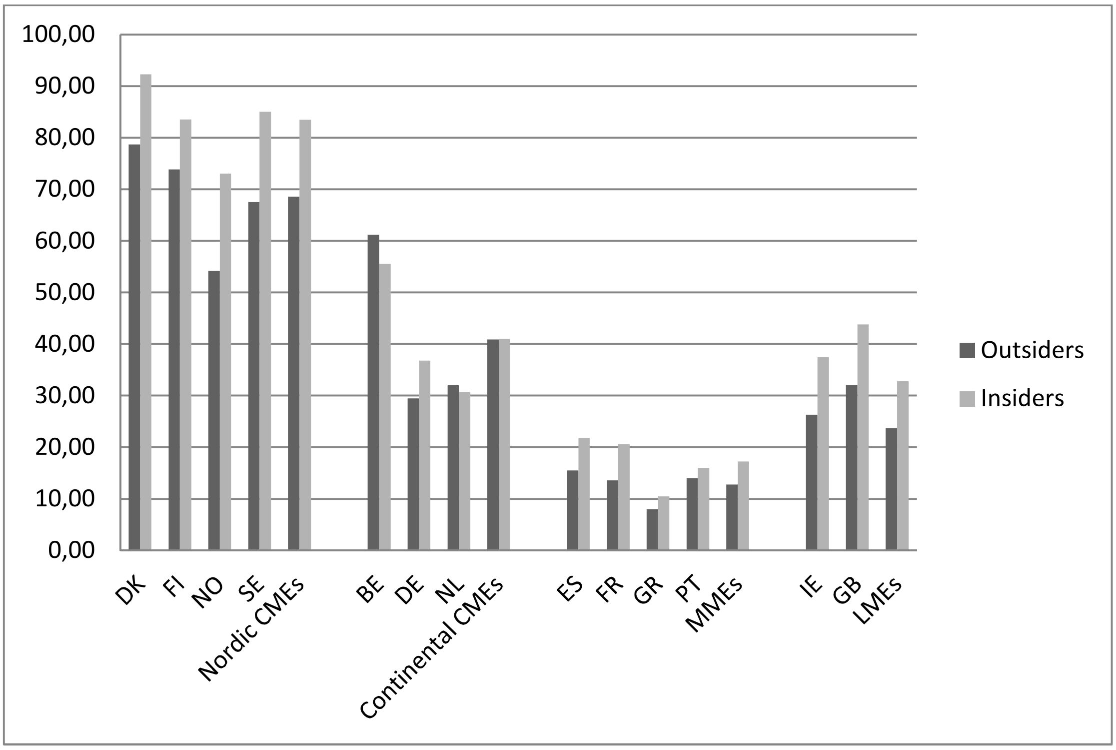
Figures and tables

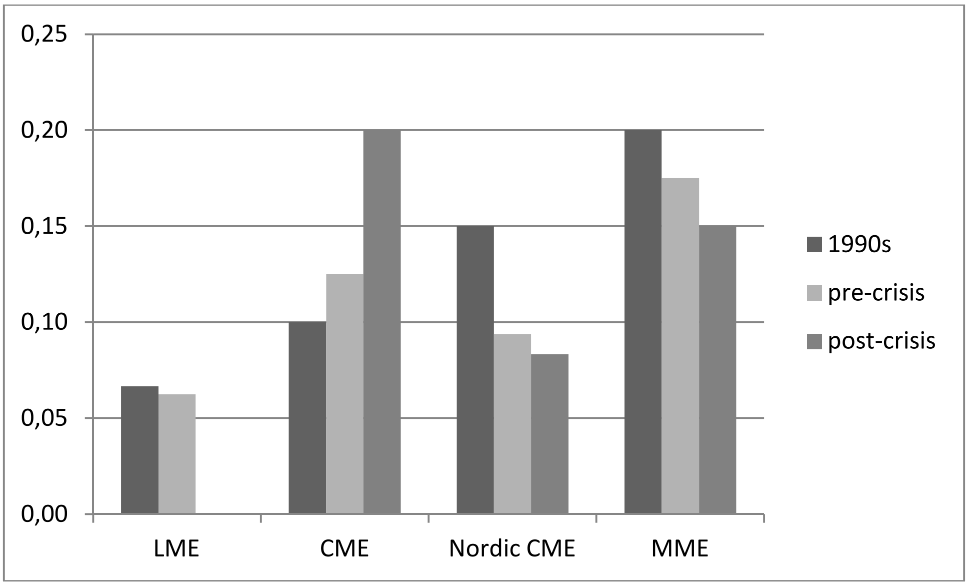


Source: Data based on ICTWSS
Figure 9.1: Trade Union Density in selected OECD countries (LMEs, CMEs, Nordic CMEs and MMEs)

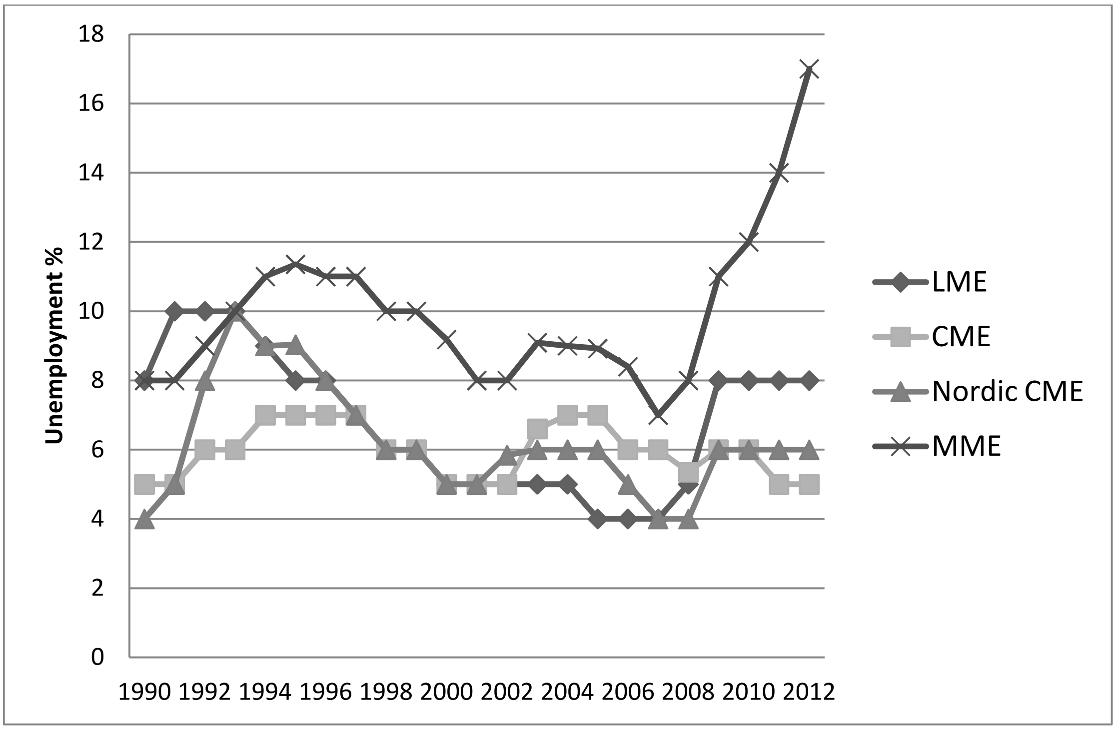


Source: EES, own calculations

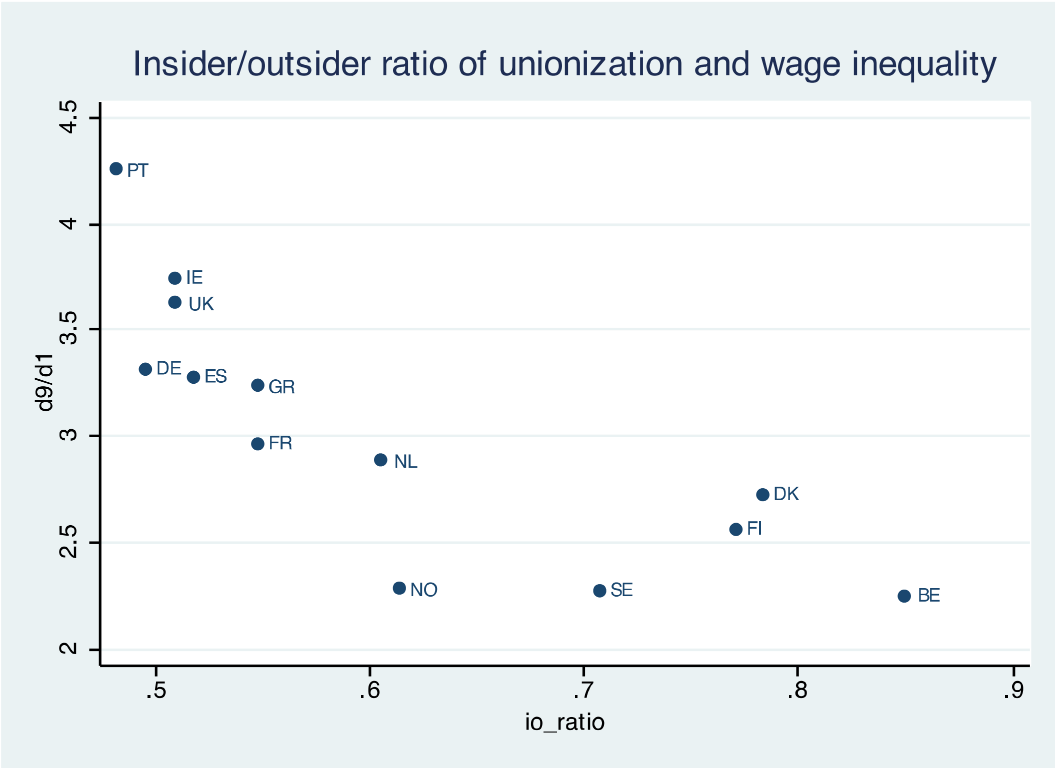
Figure 9.2: Union Density Rates of Insiders and Outsiders, 2010.



Source: ICTWSS
Note: pre-crisis: 2000-2007; post-crisis: 2008-2012
Figure 9.3. Number of Social Pacts signed per year



Source: OECD Statistics
Figure 9.4. Unemployment Rates 1990-2012



Source: ESS

Figure 9.5. Insider/outsider ratio of unionization and wage inequality, selected countries 2008

	union density				employers' organization density				collective bargaining coverage				collective bargaining centralization				collective bargaining coordination			
	1980s	1990s	2000s	change	1980s	1990s	2000s	change	1980s	1990s	2000s	change	1980s	1990s	2000s	change	1980s	1990s	2000s	change
Nordic	73.14	76.58	72.21	-1%	65	68.83	68.92	+6%	79	85.16	85.24	+8%	3.8	3.48	2.79	-27%	3.98	3.6	3.1	-22%
CME	36.37	31.98	27.03	-25%	100	87	79	-21%	88.25	88.14	86.72	-2%	3.25	2.9	2.78	-14%	4.28	3.64	3.64	-15%
MME	34.20	27.87	25.10	-27%			59.85	-	76.7	78.85	72.25	-6%	3.1	3.13	3.05	-2%	3.4	3.33	3.18	-6%
LME	43.89	33.20	25.22	-43%			48.75	-	54.28	43.18	32.30	-41%	2.17	1.80	1.58	-27%	2.13	1.87	1.83	-14%

Source: ICTWSS

Table 9.1: Union density, employers‘ density, wage bargaining coordination, centralization and coverage by type of market economy and decade

		Employers Density	Coverage	Centralization	Coordination
Union Density	Correlation Coefficient	.434*	.589**	.493**	0.331
	N	23	33	32	30
Employers Density	Correlation Coefficient		.806**	.521*	.593**
	N		22	22	22
Coverage	Correlation Coefficient			.817**	.614**
	N			32	30
Centralization	Correlation Coefficient				.823**
	N				30

Source: ICTWSS

Table 9.2: Correlations of union density, employers‘ density, wage bargaining coverage, centralization and coordination (2000s)

COUNTRY group		LME	MME	CME	Nordic CME
Gender	Female/Male	1.09	.77	.60	1.10
Age	<25/25-65	.20	.14	.19	.23
Contract	Limited term/Unlimited term	.55	.39	.61	.73
Income	Lower than median/ higher than median	.49	.48	.80	.83
Unemployment (last 5 years)	Yes/No	.25	.54	.72	.84
Unemployment (long-term more than 12 months)	Yes/No	.36	.66	.93	.84
Working hours	<17/>17hours	.47	.45	.51	.52
Sector	Service/ Manufacturing	.65	.63	.96	.77
Sector	private/public	.26	.25	.63	.67

Source: ESS
Note: LME: UK, IRE; MME: ESP, FR, GR, PT; CME: BE, GE, NL, SWI; Nordic CME: DK, FI, NO, SW.
Table 9.3: Union density ratios of selected employment segments 2008

Appendix

	union density			employers' organization density			collective bargaining coverage			collective bargaining centralization			collective bargaining coordination		
	1980s	1990s	2000s	1980s	1990s	2000s	1980s	1990s	2000s	1980s	1990s	2000s	1980s	1990s	2000s
Australia	45.00	33.34	21.33				85.0	66.7	45.0	3.70	2.40	1.80	3.50	2.40	1.80
Austria	52.12	41.72	32.80	100	100	100	95.0	98.0	98.8	3.30	2.90	2.50	4.30	4.00	4.00
Belgium	52.29	54.45	51.88			74	96.5	96.0	96.0	3.40	3.40	3.40	4.50	4.20	4.20
Canada	34.71	33.96	29.97				37.5	36.4	31.9	1.00	1.00	1.00	1.00	1.00	1.00
Denmark	77.87	76.21	71.62		58	62.50	82.5	84.0	82.3	3.00	2.90	2.50	3.80	3.20	3.30
Finland	69.89	78.19	72.03	65	62.50	68.57	78.0	89.8	90.0	3.90	4.20	3.75	3.60	3.70	3.60
France	14.38	8.96	7.84		74.00	74.50		92.0	90.0		2.00	2.00		2.00	2.00
Germany	34.24	29.85	21.72			61.50	76.5	70.2	64.4	3.00	3.00	2.70	4.00	4.00	4.00
Greece	37.62	32.20	25.03			43.73	70.0	67.5	65.0	4.00	3.50	3.50	4.00	4.00	4.00
Ireland	60.26	51.80	37.50			60.00	61.8	60.0	49.5	2.50	4.40	3.70	2.20	4.60	4.70
Italy	43.72	37.70	38.68			60.67	84.5	81.8	80.0	2.40	3.00	2.90	3.50	2.90	2.40
Netherlands	28.84	24.91	20.91			85.00	85.0	84.5	84.4	3.30	3.20	3.30	4.30	4.00	4.00
New Zealand	58.56	30.99	21.42					39.9	18.8	3.40	1.00	1.00	4.10	1.20	1.50
Norway	57.51	56.99	54.40			61.00	70.0	71.5	73.5	4.30	3.50	2.20	4.50	4.00	2.50
Portugal	44.48	25.62	21.08			61.50	72.5	79.0	56.2	2.20	3.00	2.80	2.50	3.40	2.60
Spain	10.99	15.97	15.60			73.50	79.8	87.1	87.8	3.80	3.00	3.00	3.60	3.00	3.70

Sweden	81.23	84.14	75.63		86.00	83.60	85.3	90.7	92.8	4.00	3.30	2.70	4.00	3.50	3.00
United Kingdom	46.34	34.60	28.94			37.50	65.5	39.2	34.6	1.40	1.00	1.00	1.00	1.00	1.00
United States	18.46	14.48	12.14				21.6	16.9	14.0	1	1	1	1	1	1
Average	45.4	39.0	30.6	63.6	73.4	57.4	70.2	69.1	56.2	2.6	2.3	2.1	3.2	2.9	2.7

Source: ICTWSS

Table 1.1: Industrial relations indicators 1980s, 1990s, 2000s, OECD

COUNTRY		BE	DE	DK	ES	FI	FR	GB	GR	IE	NL	NO	PT	SE	SW
Age	15-25	16.00	3.41	26.26	2.08	25.76	1.74	5.86	2.40	4.71	5.73	12.74	1.18	17.51	2.53
	26-65	45.08	13.91	79.06	9.76	63.32	9.70	20.35	11.03	19.03	19.76	52.45	8.82	66.00	12.89
Gender	Male	0.43	0.15	0.71	0.09	0.56	0.10	0.18	0.13	0.17	0.21	0.44	0.08	0.56	0.15
	Female	0.36	0.10	0.75	0.08	0.63	0.08	0.19	0.08	0.19	0.14	0.49	0.08	0.60	0.07
Contract	Unlimited	0.44	0.15	0.70	0.12	0.61	0.09	0.22	0.13	0.25	0.21	0.52	0.09	0.58	0.12
	Limited	0.36	0.07	0.59	0.06	0.45	0.03	0.09	0.07	0.17	0.07	0.38	0.04	0.36	0.10
	No contract	0.17	0.05	0.33	0.02	0.35	0.02	0.06	0.04	0.08	0.06	0.22	0.03	0.06	0.03
Income	Upper median	0.42	0.16	0.80	0.10	0.67	0.11	0.25	0.15	0.25	0.20	0.51	0.13	0.63	0.15
	Lower median	0.44	0.12	0.72	0.09	0.55	0.07	0.13	0.07	0.15	0.15	0.39	0.05	0.50	0.10
Unemployment (last 5 years)	Yes	0.57	0.08	0.71	0.06	0.57	0.03	0.05	0.05	0.04	0.12	0.30	0.04	0.48	0.11
	No	0.50	0.13	0.69	0.14	0.65	0.10	0.25	0.10	0.21	0.26	0.41	0.08	0.64	0.18
Unemployment (long-term more than 12 monhts)	Yes	0.54	0.09	0.59	0.07	0.57	0.05	0.07	0.08	0.07	0.20	0.30	0.05	0.55	0.14
	No	0.52	0.13	0.76	0.11	0.66	0.07	0.23	0.07	0.15	0.19	0.40	0.05	0.58	0.14
Working hours	<17 hours	29.58	5.65	33.98	4.55	31.25	7.58	10.96	7.14	9.03	8.45	19.66	2.44	29.23	8.55
	>17 hours	40.08	13.39	76.32	8.70	60.75	9.12	19.73	10.55	18.94	18.73	48.76	8.29	59.27	12.01
Sector	Manufacturing	0.48	0.17	0.65	0.11	0.57	0.07	0.13	0.08	0.12	0.16	0.45	0.05	0.61	0.08
	Services	0.34	0.07	0.56	0.04	0.49	0.05	0.12	0.06	0.07	0.14	0.30	0.02	0.43	0.04
	Public etc	0.34	0.14	0.71	0.18	0.67	0.13	0.29	0.20	0.31	0.25	0.68	0.15	0.63	0.16

Source: ESS, own calculations

Table 2.1: Unionization rates, selected countries, 2008