

# The future of unions: Are they a dying breed?

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Transcript of an interview with AIMS Executive Vice President Charles Cirtwill on  
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ANNE MEDINA (Host): I'm wondering what your view is with all of this recession and how you think it might be affecting the unions; are they in deeper trouble than they might have been otherwise?

CHARLES CIRTWILL: The recession is simply one of those cyclical exercises. When we're in an upward marketplace where revenues are up and profits are up then unions tend to be able to go to the table and ask for lots of very interesting things. However, when the market turns down it happens in reverse. That's when unions tend to be forced to give up things. However, they are a lot slower at giving them up then they are at getting those benefits. But yes, unions are going to be under a little bit of pressure.

ANNE MEDINA: Now if they are cyclical does that mean once we hopefully soon come out of this recession that the unions will begin to be able to ask for more and will you know go back up?

CHARLES CIRTWILL: I think that's the really scary thing for unions and I think it's the really

scary thing for the public sector in general and people who depend on public services.

The fact is that this recession is probably the last warm up round to what we are really going to see in terms of a significant demographic shift not only in Canada but around the globe. That demographic shift is going to put real pressure on unions and unionized workplaces because what's going to happen is union membership is going to fall. The resources available to pay for unionized service, and that's typically public sector unionized services, are essentially going to dry up. That is going to put pressure on union contracts, on unionization, on union membership that no one has ever seen.

ANNE MEDINA: So I am told that the decertification of some unions has even begun, not so much because workers are unhappy with specific unions but because the unions are losing dues as you say and so they are starting to raid the members of other unions.

CHARLES CIRTWILL: We have already seen over the last 20 years the growth in what I like

to call monopoly unions. The Canadian Union of Public Employees is a perfect example, but there is also the Canadian Auto Workers as an example of a union that is representing people who just listening to the name you would never expect them to represent. It is exactly for that reason; it has built up a massive operation. Such monopoly unions need to feed that beast with dues and the only way to do that is to find more members.

Of course across every sector except the public sector, unionization and union membership has been falling consistently. As a result, the only way that you can get new members is either to poach them from others or to try and find growth in the public sector.

ANNE MEDINA: You talk about recession and cycles. But given what we see with the CAW and what they gave up, what we are seeing now also with the forestry unions actually working with the employers for survival, I mean are there greater shifts taking place other than just unions losing members due to layoffs or whatever?

CHARLES CIRTWILL: Well this is one of the fallacies of the union argument that we have heard all these years. You know we love to set this up as if unions are a bad thing for management. In fact unions are a very valuable tool to management. So one of the things you are going to see as both employers and employees try to respond to the new reality, of quite frankly scarce labour as opposed to the last 50 years of massive surpluses in labour, is unions and management are going to be working even more aggressively together to try and keep that cozy relationship alive. And it's going to be harder and harder for them to do it.

So there is no question that they are going to get closer; that they are going to find more and more innovative ways to work together. However, ultimately the pressure on the outside is going to be such that they are just not going to be able to do it.

ANNE MEDINA: Are there major differences between public sector unions and private

sector unions and how they are both being affected?

CHARLES CIRTWILL: Well, primarily what you see in terms of private sector unionization is it exists for the most part in large scale manufacturing industry. That's the auto industry, the aerospace industry, the forestry industry; they tend to be the place where you find a lot of unionization. In the vast array of the service sector, there is not a lot of unionization because that work environment is so variable, it requires so much flexibility and the fact is that employers have found a way to reward employees who work in that environment. In other words they have been faced with that scarcity of labour 10 or 15 years earlier than all the other sectors. I would say that private sector unions look an awful lot like public sector unions or the private sector unions that are left, that is.

ANNE MEDINA: But you were saying that when there is going to be a shortage of workers that we are going to be seeing unions and businesses, the employers, working together more. When you have a situation with labour shortages, don't the corporations have to put in a lot of perks just to get the workers? It's almost as if maybe you wouldn't need a union.

CHARLES CIRTWILL: The unions are going to be pressured on this front from both sides. In a period of labour surplus, the unions were a huge value added to the employee, to the individual worker. The unions were able to get benefits, to get a level of security in jobs, which an individual worker wouldn't have been able to negotiate on their own.

What is going to happen on the flip side as we move into a labour shortage is that the workers' capacity to negotiate all those things is going to be that much stronger. In fact in many instances – and this is really going to take a leap of imagination for some people – the unions actually are going to become a barrier to individuals maximizing their returns from their skills and the scarcity of labour. As a result people are going to be, individuals, are going to be less inclined to support the unions.

Unions are going to be faced with pressure from their members who don't want to be there anymore, like really not to want to be there, not just be unhappy about having to be there but not to want to be there at all. At the same time, particularly in the public sector, they are going to be facing huge constraints on the spending side to the point where employers are going to start saying you know what, you have 1,000 members today, we need 800 tomorrow and we probably WILL only need 600 in two years time.

ANNE MEDINA: We have seen how the public anger over some of the enormous executive bonuses has begun to produce some results whether it is governments tacking limits when they hand out bailout money. Some kind of... maybe even shame on part of the, some of the executives. I am wondering how public attitudes and this anger that we are seeing now with a lot of the public sector's strikes, how does that affect the relationship between employers or governments and the unions?

CHARLES CIRTWILL: I think it's one of those things where, of course, both sides of the table are going to use every possible tool they can. So the unions for many years have been able to play on what they call the core services, critical services, that kind of thing. And now the employers are going to take advantage of the fact that taxpayers are angry, that taxpayers don't currently have access to the same sorts of benefits. They are going to buy into that label of perk and use it as a tool. They are going to talk about these perks, these promises, these gold plated pensions, and you are going to hear a lot of that language from the government side of the negotiating table. The simple fact is, the average taxpayer doesn't have that kind of golden benefit and is becoming more resentful of footing the bill for those benefits for public sector workers.

ANNE MEDINA: And we are hearing it. I guess my question is what kind of an impact it might have on the actual negotiations?

CHARLES CIRTWILL: For the first time in probably a generation you are actually going

to see politicians sitting on the other side of the table willing and able to hold the line. You know up until now in negotiations, we have heard tough talk for maybe 10 days, likely two weeks at tops, and then they have caved. Basically because the politicians, the people doing the negotiating, they are paying the bill with other people's money. It has been a lot easier for them to concede the benefit, the increase in salary, the battle so to speak, because really they weren't paying the bill and we as taxpayers, who were paying, weren't saying much.

Now that taxpayers, whose money it is, are angrier than they have ever been before, it is going to be much harder for those concessions to be made. The simple fact is that because of the demographic crunch, there will be fewer people in the work force in the future and therefore fewer taxpayers. So in five years from now and 10 years from then there are going to be fewer of those people, i.e. taxpayers, to pay the bills. The simple fact is that the government is not going to have the money to make concessions at the table and they are going to have to take a hard line. And as a result you are going to see very interesting union contracts.

Now I don't think that that is going to translate into fewer perks or lower pay scales. I think the real impact on union numbers is going to be simple pure raw numbers. There are simply going to be fewer of them 15 or 20 years from now. They are probably still going to be paid a premium for doing those jobs, however in a time of labour shortage everyone is going to get that premium.

In fact, union membership and the union contract may be a hindrance to getting a premium. In a labour shortage, people who work in high demand jobs can name their price and their perks. Being limited to the benefits outlined in a union contract will make it impossible to negotiate a better deal on your own. So I think in terms of raw numbers you are going to see a significant decline in union membership.

**Charles Cirtwill** is the Executive Vice President of AIMS. His work on education, fiscal management, debt reduction, taxation, the growth of government, and the importance of government accountability regularly appears in local, regional and national media. He continues to expand his work in the area of government outcome reporting and accountability with a particular focus on education indicators/school performance, fiscal outcomes assessment, and municipal performance. He also maintains an active role as editor and contributor in AIMS research into the broader opportunities presented by the demographic shift and the associated labour shortage.

Cirtwill's published works focus on government structure and organization, business-government relations, inter-governmental relations, performance measurement and accountability. He has spoken across Canada and the United States on the role of think tanks in society, the appropriate assessment of government activities and the use of school performance data to improve classroom practice and fully engage all education stakeholders.

Cirtwill attended Dalhousie University, earning a BA in Political Science, an LLB, and an MPA with a focus on quantitative analysis and program outcome assessment.



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