The closed shop is a prime target in Jeff Kennett and John Hewson's industrial revolution. They see it as a cornerstone of union power. But, as Gianni Zappala reports, the evidence is far from being clear-cut. Maybe unions should give the closed shop away.

The closed shop has long been one of the principal tenets and organising strategies of unions. Some of the bitter industrial struggles fought in Australia at the turn of the century — disputes that led to the system of compulsory arbitration — were over the issue of compulsory unionism. As the industrial relations debate now focuses on enterprise bargaining, workplace practices such as the closed shop are again under the spotlight.

The federal opposition's spokesperson on industrial relations, John Howard, has promised to outlaw the closed shop if the Coalition wins the next election. In any case, in the two most populous states, NSW and Victoria, the closed shop has already been effectively banned by the banning of preference to unionists clauses in awards. So whether unions like it or not, the issue is bound to stay on the public agenda.

Yet while the closed shop has come to be seen as an unquestioned tenet of unionism, little is known about its impact on unions themselves. The case for supporting the closed shop from a union perspective is far from conclusive and needs to be demonstrated. The argument that the closed shop enabled unions to organise workers in seasonal and erratic jobs at the turn of the century may not be relevant to workers in the service sector in the 1990s. Is the closed shop appropriate to a union movement intending to adopt a greater focus on the provision of services, the targeting of special groups, and the portraying of unions as a valuable 'club' to be a member of?

Not only is the closed shop coming under attack at the legislative level in both state and federal spheres, but many union members themselves are opposed to the idea of the closed shop. One estimate suggests that at least 25% of all unionists were unwilling conscripts in 1990. That is, one quarter of all unionists would probably not have joined their trade unions if it were not for closed shops. Moreover, 82% of all union members favoured voluntary union membership. What will happen to union membership and density if compulsory unionism is banned federally as well as at state level? Here I want to question the implicit acceptance of the closed shop by unions. This is meant as a stimulus for debate on possible future organising strategies for the labour movement. In particular, I want to focus on four (contrasting) propositions concerning the impact of the closed shop on unions.

1. Do closed shops reduce union militancy and activity?

First, it is sometimes argued that if all employees are forced to join the union, the apathetic members may tend to 'dilute' the militants within the union. That is, are unwilling conscripts more apathetic and conservative than volunteers? This argument rests on the assumption, popular among European unions, that a union's strength lies not in numbers but in the percentage of strongly-committed members. Second, this prompts the question: are central union organisations less militant under compulsory union membership? Given that the influence of unions on policy matters within the central organisations tends to depend on their size, and traditionally non-militant unions gain relatively more members through closed shops than do militant unions, it may be expected that compulsory unionism also leads to less militant central union bodies. Third, it is often argued from the contrary perspective that the closed shop encourages 'responsible' unionism. By ensuring organisational survival, the closed shop allows union organisers to take a longer term view of industrial relations, and not engage as frequently in industrial action in order to demonstrate their effectiveness to potential mem-
Fourth, employers often use the closed shop to strike agreements with less militant unions in order to keep more militant rivals at bay. This was one of the reasons it was thought management became enamoured of the closed shop in the late 1960s and 1970s.

Australian research has suggested that there are significant attitudinal differences among union members who have joined their union voluntarily and those who have been compelled to join because of closed shop arrangements. Those who have been compelled to join (conscripts) have been found to be more conservative in their political outlook and less inclined to support union policies. Voluntary union members were likely in the more 'aggressive' unions and were inclined to prefer an increase in the level of their union's activity. In contrast, the conscripts belonged to less aggressive unions and tended to be satisfied with their present level of activity and militancy. The evidence from these studies would support the view that the impact of militant members may be diluted due to the entry of unwilling unionists.

A recent (albeit tentative) source of evidence comes from *Industrial Relations at Work: Australian Workplace Industrial Relations Survey* (AGPS, 1991). One interpretation of the survey data is that the closed shop may lead to lower levels of union activity and poorer levels of service to union members. For example, according to the survey, the workplaces with the highest number of closed shops and the highest level of payroll deduction of union dues also had relatively inactive workplace unions. General union meetings were conducted irregularly or not at all. Little time was spent by union delegates on union activities at these workplaces relative to the others. Industrial action was commonly of a non-strike nature, and bargaining, when it did occur, was sporadic and reactive.

Another measure of militancy which can be used to explore this proposition is strike patterns. If the closed shop leads to less militant unions, we would expect that workplaces, industries or regions with a greater prevalence of closed shops also display lower strike frequencies than those without closed shops. Recent research in the US found that strikes were more severe and probably in states where closed shops are outlawed. This is consistent with the proposition that unions without a closed shop are inclined to strike more, first, because they are less...
prone to 'dilution' and, second, because they need to demonstrate to non-members that they are working to achieve better wages and conditions.

2. Do closed shops lead to poorer services to union members?

This is one of the more popular propositions regarding the impact of the closed shop on unions. It is pertinent to unions as they look to become more service-conscious. The argument is that the threat of union members withdrawing their membership is a necessary condition to ensure unions adequately service their membership. With a secure membership resulting from the closed shop, union officials may turn their attention to other goals which may not be in the short run interests of the rank and file. The ability of an employee to either willingly join or leave a union provides an incentive for the union to 'sell' that member through the provision of services that they may not otherwise receive.

A relevant measure of this proposition is the union/non-union wage mark-up. If the proposition that the closed shop leads to poorer services for union members is correct, we would expect the union/non-union wage premium to be higher in workplaces, industries or regions where there is no closed shop, as unions will strive more effectively to make union membership more attractive. In other words, unions attempt to 'sell' their services by raising the union wage rates higher than they otherwise would be. This has been tested empirically in the US and studies have found the union wage premiums to be higher in states with no closed shops than in states where the closed shop is permissible. This finding is consistent with our second proposition that closed shops lead to poorer services to union members.

Another US study examined how unions reward their members. The primary aim was to investigate whether unions in states with no closed shops rewarded their members more equally than union is other states. The hypothesis was that unions without closed shop provisions would need to take greater account of individual members' interests, which would be reflected in union pay growing less rapidly with seniority in states with no closed shops, as unions need to cater to all members' interests. The conclusion from this study is worth quoting at length as it aptly supports the second proposition:

Our results indicate that 'Right to Work' legislation [closed shop outlawed] affects how unions reward members. Unions in 'Right to Work' states [no closed shop] reward members more currently and more equally and are less concerned with day-to-day administration of complex bargaining agreements. This is not simply because unions must negotiate in a more hostile environment in 'Right to Work' states... more direct control over the union by members does that... Right to Work legislation forces a union to bargain more in the immediate interest of all members because members can withdraw from a union at any time without cost to themselves. It is tempting to conclude that ease of withdrawal is as beneficial in unionism as it is in governments, where costless withdrawal and competition ensure that government is in the interest of the governed rather than the governors.

3. Does the closed shop increase union bargaining power?

This proposition assumes that bargaining power relies almost solely on a union's ability to achieve and maintain collective action against an employer. The closed shop is seen to assist in this—first, by ensuring that union membership will be at a sufficiently critical mass to make collective action effective; and second, by providing a 'discipline function' over the membership. If collective action is to succeed all must be a part. The threat of exclusion from the union for recalcitrant members and the loss of certain privileges and even their job, is seen to strengthen the union's position in taking strike action. Unlike the first hypothesis, strength is seen to reside in numbers and in the ability to ensure the numbers add up when needed.

A convenient measure of bargaining strength is to compare the wages outcomes of workplaces or regions which have closed shops with those of workplaces or regions without closed shops. Earlier evidence in the US suggested that the closed shop did increase a union's bargaining power. Recent thinking in the US, however, has cast doubt on the validity of these results. Research in Canada has also concluded that the presence of a closed shop made little difference to a union's bargaining strength as measured by wage outcomes.

In contrast, and perhaps more relevant for Australian unions, a number of recent studies in Britain lend support to the hypothesis that the closed shop does increase unions' bargaining power. It is, however, the pre-entry closed shop (where the union controls the labour supply) which appears to have most impact in enabling unions to increase wages. The post-entry closed shop has a very small to negligible impact on pay over and above unionisation, and may be more a function of high union density at the workplace.

Evidence about the impact of the closed shop on union bargaining power is them somewhat ambiguous. On the one hand the US and Canadian evidence suggests that the closed shop may not increase unions' bargaining power. On the other hand, the British evidence suggests that some forms of closed shops, specifically the pre-entry closed shop, enables unions to enjoy greater bargaining power. Post-entry closed shops add little to union bargaining power over that resulting from a high level of union density.

4. Does the closed shop lead to increased union membership?

If workers are compelled to join a union then the ranks of unionists will most likely increase. The
important assumption here is that this is worthwhile in itself, because it will also increase union strength through increased membership and financial security. This assumption is in contrast to the assumption of our first proposition. Does the banning of the closed shop affect unions' ability to organise?

The evidence from the US suggests that, while the presence of a closed shop does not seem to have a great impact in the long run. One study revealed that the number of union members was 5% lower than it would otherwise have been a decade after a state had passed anti-closed shop legislation. The worrying result from a union perspective was that the level of unionism was permanently reduced after the closed shop was banned.

In New Zealand a post-entry closed shop has been the norm in most workplaces since 1936. This form of compulsory unionism had a positive effect on aggregate union membership growth. In 1984 closed shop provisions were abolished; they were subsequently reintroduced by a Labour government in 1985; and were again recently revoked in the dramatic changes to New Zealand's industrial relations system. The impact on union membership of the first removal of closed shop provisions was considerable. Interestingly, the smaller unions fared much better than the large unions and in some cases even gained members. This may indicate that smaller unions are more effective in providing services to their members and may caution against the assumption that union amalgamations and the deregistration of small unions will necessarily strengthen the bargaining powers of unions.

In Australia, the positive effect of preference clauses and closed shop provisions in assisting some unions increase their membership since the 1970s has been well documented. The impact of some preference clauses on union membership seems to have been substantial—as in the cases of the growth of the Clerks and Retail trades unions, and the rapid growth in unionisation in the early 1970s in the ACT and the Northern Territory. This trend was turned in the early 1980s due to conservative government attacks on these provisions. Union growth in Queensland and Western Australia suffered for similar reasons due to legislation against compulsory unionism.

It is clear that the closed shop does assist unions in maintaining higher levels and growth in union membership. The proposition that unions can justify striving for the closed shop for this reason alone, however, may be tenuous. If union strength and bargaining power rests primarily in the size of membership, the closed shop may be worthwhile for unions. However, it is far from clear that this is in fact the case.

It is probably not possible to provide definitive answers to the question of what impact the closed shop has on unions. My purpose here is simply to question the implicit acceptance of the closed shop and to challenge the view that the closed shop is vital for union survival. Indeed, it may be suggested that the removal of the closed shop would be in the union movement's long-term interest.

The closed shop may lead to reduced union militancy and activity and lower and poorer services to union members, and may not necessarily lead to increased bargaining power. The exception in the latter case seems to be the pre-entry closed shop. This form of closed shop is not a widespread phenomenon in most countries and seems unlikely to grow in the near future. Union-operated employment agencies could be one option to be explored. The one area where the closed shop seems to have a definite positive impact from a union perspective is in sustaining higher levels of union membership than would otherwise be the case. If union strength and militancy is not only a function of numbers, however, then this may be a pyrrhic victory in the long run.

Should unions strive and channel their energies into establishing and supporting closed shops or concentrate on improving services and organisational effectiveness in order to attract members voluntarily? The latter would seem the more sensible option. Certain cautionary remarks are, however, in order. First, the nature of certain industries and occupations makes voluntary recruitment difficult, and a closed shop may be the only viable option. For instance, it was in industries subject to casualisation and high turnover rates such as stevedoring and construction that the closed shop originally arose. Second, there is the 'free-rider' problem. Is it right for all workers to enjoy the fruits of a few without contributing to this effort? This will no doubt remain the battle cry of most union activists. However, it may well be that a few free-riders are worth having in exchange for a more committed and better serviced membership in the long run. Third, and perhaps most importantly, none of this addresses the question of union ideology. It may be that a militant union will not be adversely affected by the closed shop because of other union goals and policies. On the other hand, the closed shop may exacerbate the negative tendencies discussed above in a moderate or conservative union. Unions of all persuasions, however, need to consider seriously how useful it is to base their activities on an apathetic or even hostile membership.

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"After the closed shop was removed some smaller unions even gained members"