

## Small business and the attack on unions

By [Andrew Jackson](#) - October 15, 2011

In case you had any doubts where the escalating attack on Canadian unions is coming from, check out the website of the [Canadian Labour Watch Association](#).

The Labour Watch site provides detailed information and advice to individual workers and employers on how to fight unionization drives and how to decertify existing unions, including by providing a list of legal firms. It strongly opposes compulsory union dues and use of union dues for political purposes. The site promotes legal provisions which make it more difficult for unions to organize.

Not surprisingly, Labour Watch supports Bill C-317, the Conservative private member's bill which seeks to impose massively detailed and intrusive public financial rules on unions, including details of all contracts over \$5,000; salaries and benefits of individual officers and staff, and disclosure of funds spent by precisely specified area of activity, including political activities and lobbying.

The list of Labour Watch members includes the leading small business lobby groups -- the Canadian Federation of Independent Business; the Canadian Restaurant and Food Services Association; and the Retail Council of Canada; plus the Conseil du Patronat du Quebec. All are represented on the Board as well.

The CFIB has long been attacking the pay and benefits of unionized public sector workers in the form of (misleading) studies but has become more and more extreme of late. Recently, [President Catherine Swift went so far as to say](#), "(w)hat would be ideal is getting rid of public-sector unions entirely."

Labour Watch illustrates a recent trend towards greater co-ordination of efforts among organizations which are hostile to organized labour. As [Jim Stanford has noted](#) on the Progressive Economics blog, a propos of the financial disclosure bill which was originally championed by the Fraser Institute, "(t)he most ominous aspect of this charade was the very quick, orchestrated way in which Mr. Hiebert's initiative was ringingly endorsed by a whole community of anti-union and right-to-work lobby groups."

It is interesting to pose the question why major small business organizations have begun to work so closely with the most extreme anti-labour think-tanks.

This is not because the members of the CFIB and their like-minded private service industry associations generally have to deal with unions on a day-to-day basis. The latest data (for 2010) show that union density is just 7.4 per cent in accommodation and food services, and 14.4 per cent in trade (where union members are to be found mainly in wholesale trade, large grocery chains, and retail liquor operations rather than in small, independent businesses.) Small enterprise union density has not been significantly rising from low levels (unfortunately.)

An economic case can be made that it is rational for non-union small employers to dislike unions. Small businesses generally pay lower than average wages and offer more precarious jobs than larger enterprises. Research shows that unionization raises the relative wages of workers who are most likely to be at the lower end of the wage scale in the absence of a union, notably women, racial minorities, young workers, and the relatively unskilled. Unionization raises the pay and benefits of these groups in highly unionized sectors, such as public services. Unionization also generally improves access on the part of lower paid workers to

pension and other benefits. To some degree, higher wage and benefit standards will spill over from unionized workplaces into non-union private sector firms and thus raise overall labour costs.

That said, small business today hardly seems to be under much pressure to pay higher wages to match those in the unionized sector. To the contrary, union wage settlements are low and competition for jobs is fierce.

Moreover, rational small businesses should be looking at the role of unions from a demand size perspective. Overwhelmingly, small businesses supply the domestic, and usually quite local market. Those providing goods and services to local communities -- which accounts for the vast majority of CFIB, Canadian Restaurant and Food Services Association and the Retail Council of Canada members -- depend on the purchasing power of households in the communities where they operate.

One in three workers in Canada -- about 4.5 million in total -- belong to unions. Taking into account the fact that union members earn a bit more than non union members and are more likely to work full-time, full year, they collectively account for a greater share of total wages and salaries.

Seen from this perspective, it does not seem especially rational for small business to embrace so fervently the extremist anti-union ideology of the Fraser Institute and their political allies.

*This article was first posted on [Behind the Numbers](#).*