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Canadian Unions, the New Democratic Party, and the Problem of Collective Action

Keith Archer

THE COOPERATIVE COMMONWEALTH FEDERATION (CCF) was transformed into the New Democratic Party (NDP) in 1961 to increase the role of organized labour in the party. Unions were to provide the party with much needed financial support through affiliation dues, and it was assumed that a strong union-party link would make the party more attractive to an increasingly urbanized and industrialized electorate. One way in which the party was to increase labour's role was through direct union affiliation. That strategy, however, has not worked as anticipated. Both the organizational and financial ties between organized labour and the NDP have remained modest. For example, affiliation has never exceeded 15 per cent of union members, and there has been a modest but consistent decline during the past two decades in the percentage of union members affiliated with the party through their union. By 1981, only 8 per cent of union members belonged to union locals affiliated with the party.[1]

Financially, the party receives the greatest proportion of its funds from individual contributions, which tend to outweigh union affiliation dues by about ten to one. For example, in 1983 the party received $4,998,350 from individual contributions and $299,688 from affiliation dues (and $336,851 from other union contributions). It should be noted that during election years, the party's support from labour increases, as for example in 1984 when the party received $1.7 million in union contributions in addition to $417,480

[1] Keith Archer, "The Failure of the New Democratic Party: Unions, Unionists and Politics in Canada," *Canadian Journal of Political Science*, 17 (1985) 353-66.

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in affiliation dues.[2] The relatively modest contribution affiliation fees make to NDP finances can be explained by the low rates of union affiliation with the party.[3]

This note attempts to explain the low rates of union affiliation with the NDP. It employs a public choice approach to understanding the relationship between Canadian unions and the NDP, and can be contrasted with the political culture approach typically used in explaining the non-class basis of Canadian party politics. Although we do not dispute that Canadian political culture may be biased against parties such as the NDP, we note that low levels of union affiliation can be explained entirely by the structure of the affiliation rules. Canadian union locals, when acting to maximize their individual self-interest, inevitably will fall short of achieving their collective good of a strong parliamentary labour party through high rates of union affiliation. There are strong incentives for unions to act as "free riders," enjoying the benefits of aggregate levels of union affiliation without assuming any of the costs. To help explore why this is the case, rates of affiliation with the NDP will be compared with the British Labour party, the alleged model of the union-party relationship in Canada.

I
A Model of Decision-Making

ALTHOUGH THE LITERATURE dealing with the NDP's lack of electoral success has been considerable, there have been very few attempts to explain low rates of union affiliation with the party.[4] The two most prominent previous explanations of the weak relationship between organized labour and the NDP have focussed on two related factors, which can be

[2] Canada, Chief Electoral Officer, *Registered Political Parties Fiscal Period Returns*, 1974-1984.

[3] An analysis of the fiscal period returns for the Liberal, Progressive Conservative, and New Democratic parties can be found in W.T. Stanbury, "The Mother's Milk of Politics: Political Contributions to Federal Parties in Canada, 1974-1984," *Canadian Journal of Political Science*, 19 (1986), 795-821.

[4] A large number of studies have attempted to explain the electoral failure of the CCF and NDP. Perhaps the most prominent is the "Protest Movement Becalmed" thesis popularized by Walter Young, *Anatomy of a Party* (Toronto 1969); and Leo Zakuta, *A Protest Movement Becalmed* (Toronto 1964). For a critical review of this approach see Alan Whitehorn, "An Analysis of the Historiography of the CCF-NDP," in J.W. Brennan, ed., *Building the Cooperative Commonwealth* (Regina 1984). Other explanations include the effect of the electoral system, as in Alan Cairns, "The Electoral System and the Party System in Canada, 1921-1965," *Canadian Journal of Political Science*, 1 (1968), 55-80; Canada's political culture (see note 5); the federal system, as in Garth Stevenson, *Unfulfilled Union* (Toronto 1984); and the existence of a combination of thresholds to party formation which have not been overcome, as in Seymour Martin Lipset and Stein Rokkan, "Introduction," to their *Party Systems and Voter Alignments* (New York 1967).

labelled "mass culture" and "elite culture." The mass cultural explanation suggests that the values of Canadians are opposed to the political expression of a class cleavage. The Canadian public, including union members, is said to view politics through a "liberal" lens which filters out class politics. These values are said to have developed from eighteenth- and nineteenth-century migrations of European liberals to Canada, who have been influenced by a "Tory tinge" but who remain essentially liberal.[5]

The elite culture explanation, on the other hand, assigns primary weight to the strategies employed by unions to achieve their goals. In Canada, the strategy consisted of "business unionism," whereby union efforts were directed at preserving market relations with capital and representing working-class interests solely through the collective bargaining process. Because of ideological and strategic reasons, unions have hesitated to become involved in long-term partisan political action.[6]

In the present analysis we assume that individuals (and unions) are self-interested utility maximizers. Unions, in choosing whether to affiliate with a political party, are assumed to ask "What do we get in return for affiliation?," and "What do we get if we choose not to affiliate?." The latter question is important because it highlights the fact that the goal of affiliation—a stronger parliamentary party—has the characteristics of a collective good, in which individuals cannot be excluded from consumption once the good has been provided.[7]

The problem of collective action arises when individuals are better off not contributing because their contribution will change only marginally the amount of good provided, and hence choose to "free ride." This problem arises when the group is large, or when there exists no subset of the group for whom the provision of the good outweighs the costs. One way in which this "group latency" may be overcome is through the use of selective incentives—individual rewards given to induce collective action.

In the present analysis we will demonstrate that this simple model can explain the differential rates of union-party affiliation in Britain and Canada. The payoff structure differs in the two countries because in Britain union federations affiliate with the Labour party whereas in Canada union locals affiliate with the NDP. The benefits which accrue through the affiliation of

[5] The literature using the Hartzian approach in Canada is large and varied. The most prominent examples include Hartz and McRae in Louis Hartz, ed., *The Founding of New Societies* (New York 1964); Gad Horowitz, *Canadian Labour in Politics* (Toronto 1968); David Bell and Lorne Tepperman, *The Roots of Disunity* (Toronto 1979).

[6] Janine Brodie and Jane Jenson, *Crisis, Challenge and Change* (Toronto 1980).

[7] See, for example, Russell Hardin, *Collective Action* (Baltimore 1982), esp. Ch. 1, 2; Michael Laver, *The Politics of Private Desires* (Middlesex 1981), 9-72; and Robert Dahl and Charles E. Lindblom, *Politics, Economics and Welfare* (Chicago 1976), esp. Ch. 2; Paul Samuelson, "A Pure Theory of Public Expenditure," *Review of Economics and Statistics*, 36 (1954), 387-9; Mancur Olson, *The Logic of Collection Action* (Cambridge, M.A. 1965).

larger unions are much greater. In addition, the selective incentives of affiliation are different in the two countries. When affiliating with the Labour party, British unions receive a vote at the party conference for each affiliated individual. Canadian unions, on the other hand, receive a vote for each 1,000 members or major fraction thereof. In both instances, the rules are more likely to favour affiliation in Britain.

Parenthetically, the electoral success of the British Labour party and the relative failure of the NDP does not diminish the logic of the analysis. The British comparison would be inappropriate only if rates of affiliation waxed and waned with the party's popularity, or if unions delayed affiliation until the party was successful electorally. Such has not been the case in Britain. The affiliation movement was well underway before the Labour party was a serious contender for power. By 1901, only a year after the creation of the Labour Representation Committee (which changed its name to the Labour party in 1906), fully 22 per cent of union members belonged to affiliated unions, despite the LRC having only two of 670 members of parliament. By 1911, almost half (47.8 per cent) of British union members belonged to affiliated unions. This growth took place despite the Labour party receiving approximately 8 per cent of the vote and 6 per cent of the seats in the House of Commons in the two elections held in 1910. Furthermore, the Liberal party had even slightly increased its proportion of votes in the second election of 1910 from 43.1 to 43.8 per cent. By the time the Labour party reached the status of Official Opposition in 1922, more than 50 per cent of union members belonged to affiliated unions.[8] Thus, in Britain the rules seem to have favoured affiliation before the Labour party became an electoral success. We will argue that in Canada the rules favour non-affiliation even if the party were to become successful at the polls.

II
Collective Action in Britain and Canada

BEFORE PROCEEDING with the data analysis, recall our assumption that unions have as their goal high rates of affiliation with the party. It would be misleading to assume that all unions in either Britain or Canada desire a strong labour party. Rather, the groups which have this goal are the major

[8] Both union membership and affiliation with the Labour party dropped substantially after reaching an apex in 1920. They did not regain their pre-1920s position until after 1945. Data on the size of the labour force are from Arthur Marsh, *Trade Union Handbook* (Westmead 1980), 11-21. Data on affiliation with the Labour party are from, The Labour Party, *Report of the Annual Conference*, selected years. Data on voting for the Labour party are from several sources, including Samuel Beer, Adam Ulam, Suzanne Berger and Guido Goldman, *Patterns of Government*, (New York 1973), 756-7; and Austin Ranney, ed., *Britain at the Polls, 1983* (Durham, NC 1985), 197-9.

union centrals in the two countries. It was the Trades Union Congress (TUC), not "organized labour," which was responsible for defining the relationship between the unions and the party in Britain. Similarly, it was the Canadian Labour Congress (CLC), not "organized labour," which led the movement to transform the CCF into the NDP, complete with provisions for affiliation. Therefore, we will define the group which pursues union-party affiliation as the unions affiliated with the TUC in Britain and the CLC in Canada.

On the surface, the British trade union movement appears to be extremely fragmented organizationally. In 1976 the approximately 12.4 million union members were distributed among 462 individual unions (Table 1). However, the majority of the unions were relatively small; 383 (83 per cent) had less than 10,000 members each, and together comprised only 4.2 per cent of the organized workforce. At the other extreme there were 25 unions, each with more than 100,000 members, and together comprising almost 80 per cent of total union membership. In addition, 39 (8 per cent) had more than 50,000 members. Thus, although British workers are organized into a large number of unions, the great majority belong to a relatively small number of large unions.

TABLE 1
British Trade Unions Affiliated with the Trades Union Congress
By Size of Union, 1976

(Figures in Parentheses are Percentage of Union Members in Each Category)

Size	Total Unions[1]	Unions Affiliated with TUC[2]	% Unions Affiliated with TUC
0-999	250	17	6.8
	(0.6)	(0.1)	
1000-9999	133	29	21.8
	(3.6)	(1.0)	
10000-49999	40	29	72.5
	(8.2)	(6.8)	
50000-99999	14	13	92.9
	(8.1)	(8.3)	
100000+	25	25	100.0
	(79.5)	(83.8)	
Total Unions	462	113	24.5
Total Members	12,376,000	11,036,326	89.2

[1]Great Britain, *Department of Employment Gazette*, Nov. 1977, 1203-5.

[2]Trades Union Congress, *Annual Report: Statistical Statement, 1976*, 675-715.

Only a minority of British unions affiliate with the TUC; in 1976, 113 of the 462 British unions affiliated with the Congress and in 1980, 109 of 438 unions were TUC affiliates. However, as Table 1 illustrates, the Congress has been very successful in affiliating the largest unions. Every one of the 25 unions with more than 100,000 members affiliated with the TUC in 1976, and of the 39 unions with more than 50,000 members, all but one were affiliated. Among the smaller unions however, the TUC's lack of success has been almost as complete as has its success among the larger unions. Thus, of the 250 unions with less than 1000 members, only 17 (6.8 per cent) affiliated with the TUC. In sum, although the TUC affiliates slightly less than 25 per cent of British unions, together these unions comprise over 11 million members, or 87 per cent of organized workers in Britain.

With respect to affiliation with the Labour party, the data in Table 2 reveal that of the 113 unions affiliated with the TUC in 1976, only 57 (50.4 per cent) were affiliated with the Labour party. However, the affiliated unions contained approximately 8.9 million members, or 81 per cent of TUC membership. Upon closer inspection, the data illustrate that of the 25 unions with more than 100,000 members in 1976, fully 20 (80 per cent) also affiliated with the party. Conversely, only 2 of 17 (11.8 per cent) TUC unions with less than 1000 members affiliated with the party. Thus, the data indicate a strong relationship between union size and TUC membership, and a strong relationship between the size of TUC unions and affiliation with the Labour party ($r = .43$).

TABLE 2
TUC Unions Affiliated with the British Labour Party
By Size of Union, 1976
(Figures in Parentheses are Percentage of Union Members in Each Category)

Size	Unions Affiliated with TUC	TUC Unions Affiliated with Labour Party[1]	% TUC Unions Affiliated
0-999	17 (0.1)	2 (0.0)	11.8
1000-9999	29 (1.0)	13 (0.7)	44.8
10000-49999	29 (6.8)	14 (4.6)	48.3
50000-99999	13 (8.3)	8 (6.1)	61.5
100000+	25 (83.8)	20 (88.6)	80.0
Total Unions	113	57	50.4
Total Members	11,036,326	8,926,326	81.0

[1]Lewis Minkin, *The Labour Party Conference* (London 1978), Appendix 3, 353-5.

It is very difficult to estimate with any degree of certainty the point at which benefits exceed costs, since the benefits of affiliation are non-fungible. By way of illustration, suppose that country A has five unions which together organize all of its 10 million union members. Suppose further that they agreed, through a central labour organization, to affiliate with a labour party. If one of the unions contained 92 per cent of unionists, and the remaining 4 unions each had 2 per cent, we could reasonably conclude that the largest union would affiliate, provided costs were relatively low, because affiliation would produce almost total group affiliation. The remaining four unions, on the other hand, should choose not to affiliate since their affiliation would make very little difference, relatively, to the amount of the collective good they receive. From the example, we could conclude that organized labour was a privileged group and that its organizational structure encouraged the smaller unions to free ride. Labour can achieve its collective good, but at suboptimal rates.

In contrast, suppose country B organized its 10 million unionists among 10,000 unions, each containing 1,000 members. Since any union's affiliation would constitute only .01 per cent of the total affiliation, the costs incurred probably would preclude each union from affiliating. Although the value derived from affiliation in this case also is non-fungible, nonetheless it seems reasonable to conclude that each union's affiliation would not make a significant difference in the amount of the collective good received.

Britain falls somewhere in between these two extreme examples. Despite the fact that a relatively small number of unions organize a majority of unionists, no single union is able to supply a majority of the collective good. This does not mean that it necessarily is irrational for any union to affiliate. Rather, the amount of the good received as a result of affiliation simply has to exceed the cost. However, since the former cannot mathematically be derived, we are forced to estimate it intuitively. A reasonable estimate may be approximately 10 per cent of the group. In the British case, 10 per cent of the group translates into approximately one million unionists. In 1976, three unions were above or approached this cutoff point and each was affiliated with the Labour party.

Recall that the Labour party also provides unions with a selective incentive to affiliate in the form of votes at the party's conference. Unions are assigned one conference vote for each member which they affiliate with the party. As Table 3 indicates, this has led to union domination of the party conferences. Of the 6.4 million votes at the 1976 Labour party conference, fully 5.7 million (88.7 per cent) were cast by unions.

It is obvious that this method of allocating selective incentives also favors large unions over smaller unions, since the former receive a much larger share of party conference votes than the latter. However, if one assumes that a union weighs the benefits of its conference votes not against the total conference vote, but rather against non-union votes, then the point of reference

TABLE 3

Labour Party Conference Representation, 1976[1]

Organization	Delegates	Number of Organizations	Votes	% of Votes
Trade Unions	587	54	5,669,000	88.7
Socialist Societies	10	8	31,000	0.5
Co-operative Organizations	4	1	19,000	0.3
Constituency Labour Parties	552	548	673,000	10.0
Total	1153	611	6,392,000	100.0

[1] *Labour Party Conference Annual Report*, 1976, 125.

for unions is the combined non-union vote, which, in 1976, was slightly more than 700,000. Again it is difficult to estimate the point at which the benefits to be derived from a union's conference votes will outweigh the costs of affiliation. Using an inductive approach, the cutoff point appears to be approximately 35,000 unions members, or about five per cent of non-union conference votes. Of the 44 unions with more than 35,000 members, 33 (75 per cent) affiliated with the Labour party. In contrast, among the 69 TUC unions below that threshold, only 24 (35 per cent) affiliated. Overall, on the basis of size alone—and assuming a cost benefit calculation on the part of individual unions—this could explain the behavior of 69 per cent of the unions. In sum, TUC unions appear to be a privileged group with respect to party affiliation because of their relative size and the system of selective incentives available to them.

The Canadian labour movement is even more fragmented than its British counterpart. As Table 4 illustrates, in 1982 there were 836 unions which organized 3.6 million Canadians. The vast majority (96 per cent) of unionists belonged to one of the 222 national or international federated unions, and the remaining four per cent were members of one of the 614 directly chartered or independent locals. Similar to the British case, there is a small number of relatively large unions and a large number of small unions. For example, the 16 unions with a membership greater than 50,000 together comprised slightly more than half (51 per cent) of the total unionized workforce.

TABLE 4
Canadian Unions Affiliated with the Canadian Labour Congress
By Type of Union, 1982

(Figures in Parentheses are Percentage of Union Members in Each Category)

Union Type	Total Unions[1]	Unions Affiliated with CLC	% Unions Affiliated with CLC
National & International	222 (96.0)	79 (99.5)	35.6
Directly Chartered Locals	368 (1.3)	77 (0.5)	20.9
Independent Local Organizations	246 (2.7)	0 (0.0)	0.0
Total Unions	836	156	18.7
Total Members	3,617,328	2,082,451	57.6

[1]Canada, Labour Canada, *Directory of Labour Organizations in Canada*, 1982.

Like the TUC, the CLC has been only moderately successful in affiliating unions. Of the 836 unions in Canada in 1982, only 156 (18.7 per cent) were affiliated with the CLC. Membership in the CLC included 79 national or international federated unions and 77 directly chartered locals, whose total membership of two million comprised 57.6 per cent of the organized workforce. As with the TUC, a disproportionate share of the CLC membership is in large unions. In 1982, its ten largest affiliates accounted for approximately 1.4 million (66 per cent) of total membership.

The major difference between the British and Canadian cases with respect to union-party affiliation is the organizational level at which unions affiliate with the party. Local union affiliation in Canada had the effect of transforming the CLC's 156 affiliates in 1981 into 8,918 individual union units which must decide on affiliation with the party (see Table 5). As one might expect, union locals are relatively small, ranging from as few as four members to as many as approximately 1,200, with a mean size of 234 members.

TABLE 5

CLC Unions Affiliated with the New Democratic Party, By Type of Union, 1982

Union Type	Unions Affiliated with CLC	Union Locals Affiliated with CLC[1]	Union Locals Affiliated with NDP[2]	% Locals Affiliated with NDP
National & International	79	8842	738	8.3
Directly Chartered Locals	77	77	18	23.4
Independent Local Organizations	0	0	9	---
Total Unions	156	8918	765	8.6
Total Members	2,082,451	2,082,451	296,470	14.2

[1]Canada, Labour Canada, *Directory of Labour Organizations in Canada*, 1982.

[2]NDP files, *Organizations Affiliated with the NDP*, 31 Aug, 1981.

Recall that decision-making units are assumed to calculate the benefits of affiliation based on the incremental increase in total affiliation that accompanies their decision minus that which they would receive from the "non-excludable" good were they not to affiliate. Again, it is difficult to estimate the size necessary for benefits to exceed costs. If we apply the 10 per cent of total group size cutoff which was applied to the British data, then there would be no individual unions for whom affiliation would be rational. Even were we to reduce this proportion by a factor of ten and use 1 per cent of group size as the cutoff, there still would be no affiliation among rational unions. Indeed, we would need to reduce the cutoff point to approximately 0.6 per cent of group size for there to be any rational contributions to affiliation. Although the non-fungibility of the value of affiliation with the NDP makes the appropriate cutoff point indeterminate, nonetheless the payoff at the 0.6 per cent level is sufficiently small that the collective incentive would appear not to produce any collective action. Thus, with respect to affiliation with the NDP, CLC unions locals appear to be a good example of a latent group.

Do selective incentives, in the form of individual rewards, assist Canadian union locals to overcome their latency? The data in Table 6 suggest that the answer is a categorical "no." Recall that in contrast to the provision of one conference vote per member of affiliated unions in Britain, the NDP

allots one convention delegate for each 1,000 members or major fraction thereof. Thus, a large local would receive from 10 to 12 votes at the party's convention. This corresponds to approximately 0.6 per cent of non-union accredited delegates at the NDP's 1981 conference, less by approximately a factor of 10 the proportion estimated to produce rational affiliation in Britain. Thus, we would expect that the small increment which each union local can contribute to the collective good, in addition to the small selective incentive awarded to induce cooperation, would combine to produce very low rates of affiliation with the NDP: indeed, we would expect no union locals to affiliate.

TABLE 6

New Democratic Party Convention Representation, 1981[1]

Organization	Accredited Delegates	% of Total Delegates
Affiliated Unions	864	29.9
Central Labour	195	6.8
NDP Federal Council	135	4.7
NDP Federal Caucus	28	0.9
Constituency Party	1646	57.0
Young New Democrats	20	0.7
Total	2888	100.0

[1]NDP files, *Report of the Credentials Committee*, NDP Convention, 1981.

The data (in Table 5) strongly support our expectations. Of the 8,918 unions locals affiliated with the CLC in 1982, only 765 (8.6 per cent) affiliated with the NDP, representing 0.3 million of the 2.0 million CLC unionists. The remaining 91 per cent of CLC union locals decided against affiliating with the NDP in 1982. From a strictly self-interested perspective, the latter unions are behaving in an eminently rational fashion. Since there are so many union locals, and since individually they are so small, affiliation by any given union local will not result in a significant increase in the total amount of affiliation. For example, if a "large" union local with 10,000 members chose to affiliate, it would increase the total amount of affiliation from the current 8.6 per cent to 9.1 per cent, hardly a significant increase in the level of affiliation. That same union would receive ten convention delegates, out of a total of almost 2,900 delegates, over 1,800 of whom are non-union delegates. With such a small payoff for affiliation, small wonder so few union locals affiliate with the NDP.

A quarter century after the CCF was transformed into the NDP to increase the involvement of labour unions in the party, rates of affiliation remain remarkably low. Explanations of low rates of affiliation have focussed on the culture of union members and leaders. It has been argued that a strong

link between labour unions and the NDP has not developed because it is antithetical to the prevailing culture. This note has attempted to expand upon previous explanations by arguing that values, attitudes, and beliefs comprise only part of the decision-making calculus. Following the public choice school of political economy, we have suggested that actors base decisions on utility functions, and noted that a self-interested utility function appears to explain the continued low rates of affiliation with the NDP. By encouraging the affiliation of union locals and precluding bloc voting at party conventions, the NDP has provided too few benefits to unions and has encouraged free riding. Thus, changing the incentive structure for individual unions could encourage more unions to affiliate. It may be that the political culture in Canada is less open to class politics, and that rates of affiliation would always lag behind those in Britain. Changing the rules of affiliation, both in letter and in spirit, however, could narrow the gap considerably.

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