



Disorganised labour: Paul Nowak on the urgency of Trade Union 2.0

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Intro [00:00:05] Welcome to OECD Podcasts, where policy meets people.

Clara Young [00:00:11] Trade unions have been out of fashion in the past couple of decades. In 1985, 45% of workers were protected by collective agreements. In 2016, this number fell to 32%. In the United States, 27 states have implemented right to work, meaning that union members can opt out of paying fees. This has significantly eroded trade union power in these days, and workers are paying the price now, while economies have more or less gone back to pre-crisis levels. And unemployment is spectacularly low, wages remain stuck. So, are we witnessing trade union revivalism now? I'm Clara Young and I'm in the studio with Paul Nowack, who is a Deputy-General-Secretary of the Trades Union Congress in the UK. Welcome, Paul.

Paul Nowack [00:00:59] Hi, Clara.

Clara Young [00:00:60] I spoke about the trade union situation in the U.S. What's the situation in the UK?

Paul Nowak [00:01:05] Well, in the UK, around about a quarter of the workforce are in trade unions and actually our membership has held relatively steady over the last decade or so. But that's down from a high. I mean, if you go back to the end of the 1970s, around 12.5 million people were in trade unions. Now it's just 6 million. There are still lots of work that we need to do to get out and to organise younger workers in particular, but also in the private service sector. And those parts of the economy where unions traditionally haven't been well established.

Clara Young [00:01:28] In the employment outlook, which was recently released, the OECD calls for renewed support of collective bargaining for workers. Can you tell us why?

Paul Nowak [00:01:41] I think absolutely. I mean, unions have always been good for workers. But I think what we're seeing now is policymakers realised that unions and collective bargaining are also good for our labour markets and economies as well. What we've seen over the last four decades is the deregulation of our labour markets, the weakening of unions, and that's really an impact on the ability of workers to get a fair share. So even where we've seen productivity gains, workers are not seeing that reflected in their wages and their living standards. And I think increasingly now policymakers are realising that strong unions and collective bargaining are about putting money back into the pockets of working people, making sure our economies are sustainable, and we avoid some of the problems that we saw prior to the financial crash, where the levels of household debt spiraled because people just weren't making enough to make ends meet.

Clara Young [00:02:24] In terms of national income workers' wages are shrinking compared to the proportion going to the owners of capital, i.e., business owners.

Paul Nowak [00:02:34] Absolutely. And I think that's directly attributable to the relative decline of unions and collective bargaining. That imbalance of power in the workplace has played out in the big macroeconomic figures. So, I mean, you refer to it right at the start. We've got this real paradox. Record levels of employment in many OECD countries, including the UK. But at the same time, I mean, people

see their real incomes stagnating. In the UK, we've had a lost decade of wage growth, wages still below in real terms where they were before the financial crash. And we've seen an explosion in insecure work. And so, one in nine people are now working on a casual contract or a zero-hours contract through an employment agency. That's not good for individuals, but it's not good for our economies more broadly either.

Clara Young [00:03:15] And the people who do this kind of work, zero hours, contract platform workers, do they join unions, other unions for them?

Paul Nowak [00:03:23] There are unions for them. I mean, we've still got a lot more to make being a union member the norm in those jobs. But I'll give you a couple of practical examples. In the UK, at Uber, we had drivers join in the GMB, one of our unions, and successfully pursue a legal case to prove that they were workers and therefore entitled to things like holiday pay.

Clara Young [00:03:43] that was a landmark case.

Paul Nowak [00:02:34] And we've had unions organised in self-employed couriers. And remember, unions have always organised gig economy. Workers mean the very expression gig economy comes from people like musicians and artists and actors. And we've got strong unions for those self-employed professionals as well. So, there's still much more for unions to do. But I think we're beginning to see unions making real inroads into organising those platform and gig economy workers. And that's crucial for us. I mean, I think it's about reimagining what trade unionism and collective bargaining means in the 21st century. So, if the algorithm that Uber uses determines the pay of drivers, the income of drivers, then we should have some influence over how that algorithm is shaped and applied and a little bit more transparency than we've got now.

Clara Young [00:04:24] Are you making any inroads in that?

Paul Nowak [00:04:26] It's been difficult. Some companies I think have taken a more progressive approach. If I think about the UK, there's a company called Hermes which has just done an agreement with one of our unions covering self-employed delivery drivers. They're still self-employed, but the agreement means that they get things like holiday pay, they get cover if they're ill at work. That's important because in my view it doesn't matter whether you're self-employed, whether you're working on short-term contract, or casual contract, you still have basic rights at work and employers should respect those and support those.

Clara Young [00:04:54] But they still pay for their own benefits, though, right?

Paul Nowak [00:04:57] In that case, actually, they can opt into something called "self-employed plus," which is different, where the employer effectively picks up those costs. But there is a broader set of issues here about the way our taxation systems work, the way we regulate the labour market, because. I think things like bogus and false forms of self-employment are bad for workers, but they also have an impact on the tax take for our national treasuries.

Clara Young [00:05:25] Can you go into bogus self-employment for people who might not. Know this term?

Paul Nowak [00:05:37] Yeah, I mean, this is something that's always been a feature, certainly of the UK's labour market, and I think in all OECD labour markets, but it is growing. So, for example, in construction in the UK, lots of people are so-called self-employed. But the reality is they're only working for one employer. Their pay terms and conditions are determined by that employer, but for tax purposes and also to avoid the employment obligations, the employer defines them as self-employed. And so, that means that, for example, when somebody is ill, the employer doesn't pay sick pay. They say, well, you need to look after yourself. That's up to you. You're self-employed. Now, we've successfully challenged some of those cases in the UK employment tribunals. But I think what we need is governments to send firm signals in the UK more broadly as well that the presumption should be that people employed are workers, unless an employee can demonstrably prove that they're not. And at the moment, far too many people are losing out. And this has a real impact on people's security of employment and incomes as well.

Clara Young [00:06:17] So the ultimate goal is legislation rather than just relying on tribunal decisions.

Paul Nowak [00:06:23] Yes. I think this is going to require a package right across, a piece of regulation that is fit for purpose in the 21st century that closes some of these loopholes that employers have used to transfer risk from the employer to the employee. It's going to need strong unions and collective bargaining because it's one thing to have an employment rate. You've got to be able to enforce those employment rights as well. And it does require good companies and organisations to step up to the plate and think about the models of employment that they use. Now, if I think about something like parcel deliveries, there are good companies and there are bad companies, and we need to be supporting and incentivising those who are doing the right thing by their staff.

Clara Young [00:06:58] Talking about parcel delivery, something that I wanted to ask you about was about evolving technologies as something to keep an eye on, because we're hearing now about the use of monitoring devices on people who work in parcel delivery to make sure they're working effectively. This has implications for well-being, right?

Paul Nowak [00:07:14] It has massive implications for well-being. And it's not just those who deliver our parcels. It's people who work in warehouses, who are wearing GPS trackers. It's people in call centres who are being monitored about the number of calls that they take. Two thirds of the British public that we've surveyed said they have concerns about their employer potentially using technology to discriminate against them in work. And I think, again, there has to be a lot more transparency agreements in place in companies about how that data is used, what it can be used for, and crucially, establishing the principle that there should always be a human factor. We see now, for example, in many distribution centres. You get a disciplinary on your record. If the app senses that you've been late delivering an item three times. Well, there needs to be some human agency there. I'm not a Luddite. I'm not a technological fatalist. There's a lot of really good things about technology and lots of potential benefits that accrue from it. But we do have to be concerned about how that monitoring surveillance is played out at work and making sure that people have some influence over their working lives.

Clara Young [00:08:11] Has there been any agreements made, maybe even just within companies, between the employees and management about particularly the subject of monitoring devices to make it less damaging?

Paul Nowak [00:08:22] Yeah, and I think that there are lots of examples we can draw from our recent history. When I started work, I worked in a call centre. I work for an employment agency, but we had a union and we had very clear processes and procedures in place for things like the numbers of calls you were expected to take, what happened if you needed to take time away. And we've always mediated technology. The problem is that in lots of workplaces now, there is no union voice. There is no union presence, particularly in new and emerging parts of the economy. So, a big challenge to the unions about how we give people in those sectors a voice, younger workers in particular. But as I say, the Trade Union Congress, we celebrated last year our 150-year anniversary, and part of our job has always been not just reacting to the changing world of work. It's been shaping the world of work. And that means shaping the way that these new technologies are applied, whether it's the introduction of the steam engine or whether it's microcomputers or now it's the Internet and wearable technology.

Clara Young [00:09:14] And robots. And I think that will be my last question, because that is something that's really weighing on everybody's minds. We're starting to see the results now that the use of automation is tunnelled into medium-skilled jobs like administrative duties and plant operators. What's your take on this? What should be done?

Paul Nowak [00:09:33] Well, again, I mean, the cost of automation has come down incredibly. So, whether it's a robot in a car assembly plant or bots that crawl in over software, this stuff is a lot cheaper, a lot more prevalent than it used to be. Again, I mean, I've seen first-hand how unions and employers work on these issues. I took a group of Japanese trade unionists about a year and a half ago around the UK car plants employing more people than ever before and also employing and using more robots than ever before. And they had a clear agreement in place about what happens when a process gets automated, what that means for the people working on that process. Obviously, job security, but income security, guarantees of redeployment and reskilling. I think we need to do that at a plant level, a company level, but we also need to be thinking this stuff through a sectoral level and national level as well. So, in the UK, we've talked about the need to establish a future of work commission. And this is something that happened in Germany with their Industry 4.0 initiative. The OECD and I know the ILO have also been calling on countries to really map out national plans for how we deal with automation and digital technology. And the crucial thing, for me two things is, one, ensure a fair transition for people, a just transition as we go into this new technological future. But the second thing is also making sure that working people derive some benefit from it. So, if there's going to be a big digital dividend, how do we make sure working people, their families and communities get their fair share of that digital dividend? Because if we don't get this right, there's a real danger that all we do is entrench those existing divides in our society. That's not good for workers, but it's not good for our societies and economy as a whole.

Clara Young [00:11:05] Thank you very much, Paul.

Paul Nowak [00:11:07] Thank you.

Clara Young [00:11:09] And thanks for listening to our weekly podcast. I'm Clara Young. To find out more. Please have a look at the *2019 Employment Outlook*.

Outro [00:11:19] To listen to other OECD Podcasts, find us on iTunes, Spotify, Google Podcasts and [soundcloud.dot/oecd](https://soundcloud.com/oecd).