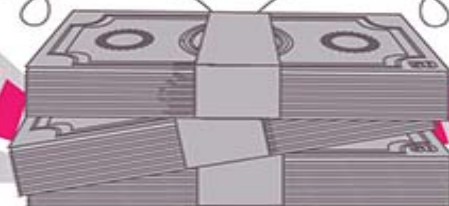


UNIONS RENEWED

BUILDING POWER IN AN AGE OF FINANCE



ALICE MARTIN & ANNIE QUICK



Contents

[Cover](#)

[Endorsement](#)

[Dedication](#)

[Title Page](#)

[Copyright](#)

[Acknowledgements](#)

[Introduction](#)

[Building economic democracy under financial capitalism](#)

[The scope of this book](#)

[The way ahead](#)

[Notes](#)

[1 How financialization undermines the power of workers](#)

[Finance today: speculative, extractive and rent-seeking](#)

[A changed economic landscape for labour](#)

[Change is coming](#)

[Notes](#)

[2 Understanding and rebuilding union power](#)

[The challenge: empowering unions to be a force against finance](#)

[What is union power?](#)

[Looking back: the rise and decline of union power](#)

[The 'golden age' of union power](#)

[The attack on unions](#)

The demise of collective bargaining

The state of play today: organizing without institutional power

Lessons from Europe

We can't turn back the clock

Rebuilding an institutional role for unions in today's economy

Democratizing the economy requires rank-and-file union strength

Notes

3 Bargaining with finance

Unions in and for the community

Mobilizing the whole bargaining unit

Using workplace power where it still exists

Targeting the real boss

Leverage shareholder power

Collective bargaining outside work

Building militant, democratic, intersectional unions

Notes

4 Owning the future

A renewed role

Democratizing ownership

Becoming worker-owners

Unions as investors in the areas side-lined by capital

Unions leading the move away from damaging work

Unions leading the fight for free time

Unions as architects of a democratic future

Notes

[Conclusion: a way forward](#)

[The process of renewal](#)

[Notes](#)

[End User License Agreement](#)

‘Workers are more precarious than ever as we face the global threats of climate emergency, a creeping far right, increasing inequality, and eroded workers’ rights. *Unions Renewed* is a must-read for all in the labour movement who believe that winning working-class power extends beyond government, and must be built from organizing in our communities and workplaces, democratizing our economy and, necessarily, our trade unions. Taking inspiration from a new generation of grassroots unions and movements, the labour movement must radically reimagine itself to take on twenty-first-century capitalism.’

Nadia Whittome, care worker and Labour MP for Nottingham East

‘The financialization of the economy has concentrated wealth and power in the hands of the super-rich, devastating workers’ living standards, weakening unions and threatening democracy itself. In one of the best simple explanations of financialization I have seen, *Unions Renewed* dissects how private equity corporations profit while bankrupting companies and destroying jobs. It calls on unions to develop new strategies to rebuild workers’ power based on how the economy has been reorganized.’

Stephen Lerner, US labour organizer, founder of the Justice for Janitors campaign

‘*Unions Renewed* offers a critique of labour’s strategic status quo grounded in a clear and powerful analysis of the shifting economic ground beneath us. The authors think both historically and globally – and their insights just keep coming. This book will make a real difference.’

Sam Pizzigati, labour journalist and associate fellow, Institute for Policy Studies, Washington, DC

‘The profound social and workforce changes around the dynamics of class, race and gender pose significant challenges, and opportunities, to the trade union movement. To act on this, radical solutions are required which move beyond traditional modes of worker organization. Insights in this important new book shine a light on this changing context and help to chart new pathways to the restoration of trade union legitimacy and power.’

Dr Ian Manborde, Equalities and Diversity Organizer,
Equity trade union; former programme coordinator of the
MA in International Labour and Trade Union Studies
(ILTUS) at Ruskin College, Oxford; founding member of the
Coalition of Black Trade Unionists (UK)

‘*Unions Renewed* is a clarion call for a stronger, fiercer, better labour movement and it couldn’t come at a more important time. While too much of the conversation about the working class is mired in nostalgic dreams of a past that never really was, Martin and Quick have explained why labour must understand the economy that we currently have in order to take power and shape the future. Read it, and then share it with your coworkers.’

Sarah Jaffe, author, *Necessary Trouble: Americans in
Revolt and Work Won't Love You Back*

Dedication

This book is dedicated to the workers getting us through the COVID-19 pandemic, and to the families and friends of those who have lost their lives in doing so.

Unions Renewed

Building Power in an Age of Finance

Alice Martin
Annie Quick

polity

Copyright © Alice Martin and Annie Quick 2020

The right of Alice Martin and Annie Quick to be identified as Author of this Work has been asserted in accordance with the UK Copyright, Designs and Patents Act 1988.

First published in 2020 by Polity Press

Polity Press
65 Bridge Street
Cambridge CB2 1UR, UK

Polity Press
101 Station Landing
Suite 300
Medford, MA 02155, USA

All rights reserved. Except for the quotation of short passages for the purpose of criticism and review, no part of this publication may be reproduced, stored in a retrieval system or transmitted, in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, without the prior permission of the publisher.

ISBN-13: 978-1-5095-3913-0

A catalogue record for this book is available from the British Library.

Library of Congress Cataloging-in-Publication Data

Names: Martin, Alice (Economist), author. | Quick, Annie, author.

Title: Unions renewed : building power in an age of finance / Alice Martin, Annie Quick.

Description: Cambridge, UK ; Medford, MA : Polity Press, 2020. | Includes bibliographical references. | Summary: "Why unions have to reform or die in an age of finance and automation"-- Provided by publisher.

Identifiers: LCCN 2020014208 (print) | LCCN 2020014209 (ebook) | ISBN 9781509539116 (hardback) | ISBN 9781509539123 (paperback) | ISBN 9781509539130 (epub)

Subjects: LCSH: Labor unions--History--21st century. | Labor movement. | Financialization.

Classification: LCC HD6476 .M266 2020 (print) | LCC HD6476 (ebook) | DDC 331.880973--dc23

LC record available at <https://lcn.loc.gov/2020014208>

LC ebook record available at <https://lcn.loc.gov/2020014209>

The publisher has used its best endeavours to ensure that the URLs for external websites referred to in this book are correct and active at the time of going to press. However, the publisher has no responsibility for the websites and can make no guarantee that a site will remain live or that the content is or will remain appropriate.

Every effort has been made to trace all copyright holders, but if any have been overlooked the publisher will be pleased to include any necessary credits in any subsequent reprint or edition.

For further information on Polity, visit our website: politybooks.com



For more than three decades, the New Economics Foundation's mission has been to transform the economy so it works for people and the planet. We work with people igniting change from below and combine this with rigorous research to fight for change at the top.

Acknowledgements

While we were both expecting this project to be a lot of work for us, we didn't realize how much work it would be for other people. We are so indebted to the dozens of people who contributed in various ways. Thank you to Hannah Appel, Christine Berry, Joe Beswick, Gargi Bhattacharyya, Saqib Bhatti, John Burant, Charlie Clarke, Mary Davis, Amardeep Singh Dhillon, Nilufer Erdem, Sian Errington, Miatta Fahnbulleh, Dalia Gebrial, John Goodman, Tony Greenham, Miranda Hall, Aidan Harper, Nadine Houghton, Lydia Hughes, Becca Kirkpatrick, Stephen Lerner, Ian Manborde, Duncan McCann, Charlie MacNamara, John Merrick, Andrew Pendleton, Ann Pettifor, Daniel Randall, Brian Robertson, Vica Rogers, Emily Scurrah, Clifford Singer, Holly Smith, Susie Steed, Lucie Stephens, Beth Stratford, Ravi Subramanian, Lauren Townsend, Andrew Towers, Tod Vachon, Ian Waddell, Hilary Wainwright, Hanna Wheatley, Becki Winson, and George Woods, and to those who chose to remain anonymous for their interviews, discussions, reviews and contributions to the manuscript.

We owe particular gratitude to Allison Quick and Matt Phull for their integral input throughout, from helping us think through the big ideas to amending apostrophes on final drafts. Thank you to our editor, George Owers, for his patient reading and advice - and to the anonymous readers for their extremely useful reviews.

All errors or omissions are, of course, our own.

Finally, thank you to our friends and family, especially Matt, Dion and Laura, for keeping us going throughout the process.

Introduction

In 2002 union leader John Antonich of the United Food and Commercial Workers International Union (UFCW) got a phone call. It was from a man whose wife had died after working for Wal-Mart for many years. Antonich explained: 'he told me he got a check for \$10,000 from the life insurance company, but Wal-Mart got \$40,000'.¹ Why would her employer get any money at all, let alone four times as much as her husband? The answer is that Wal-Mart, like many other major companies, had been taking out life insurance on their employees, often without their knowledge. By the peak of this practice, US companies had spent more than \$8 billion on policies covering 6 million workers.² They used the insurance premiums to avoid paying tax on a portion of their income, and the policies themselves acted as collateral against which they took out loans.³ The payout received when the worker died was a mere bonus on an already lucrative practice.

This practice, nicknamed 'dead peasants insurance', is a particularly macabre example of how, in our era of financial capitalism, company owners and financial firms treat workers as another asset to speculate on. If they live, Wal-Mart profits from their labour and secures loans on their backs. If they die, Wal-Mart receives a lump sum. Outraged workers organized against the practice, bringing a series of lawsuits against the company. Wal-Mart, along with the other offenders, wound up the scheme in the early 2000s when the tax loophole which made the practice so lucrative was closed.⁴

Dead peasants insurance is just one case of how workers fare under financialization. Financialization is the trend

towards the increased influence of financial actors and motives across the economy. It is capitalism's latest attempt at rent-seeking - the practice of making money from assets, without producing anything in the process. Since the 1980s, the US and the UK have been global trailblazers in financialization, enabling an astonishing increase in the size and influence of the financial sector across the globe. It enables capitalists to extract money from workers in a myriad of ways, not just from selling the services and products they produce. When workers lose their job because their employer focuses all their investments on financial markets instead of productive activity, someone is profiting. When workers get a high-cost loan because their wages won't cover their bills, someone is profiting. Even when workers die, someone may be profiting.

In 2019, however, economic journalist Rana Foroohar announced 'peak Wall Street', warning that the reign of finance may be coming to an end.⁵ Even though the 2008 financial crash demonstrated the limitations of the debt-fuelled financial system that caused it, with devastating effect, financialization since then has continued to intensify almost to breaking point.

There are multiple warning signs that this trend has become unsustainable. Personal debt in the US and UK is now higher than before 2008, with increased defaults on car loans spelling particular trouble.⁶ At the same time, corporate debt has ballooned, with companies increasingly borrowing not to invest in production, but instead to make money through financial tricks such as share buybacks or financial speculation.⁷ Private equity firms - investment management companies whose business model is to buy up companies, load them with debt, and pay themselves handsomely before abandoning the companies to

bankruptcy or decline - are often behind the scenes. While financialization has succeeded in making many people very rich for the past few decades, Foroohar argues we are reaching 'the apex of this trend, and there will be diminishing returns for companies that choose to focus more on markets than the real economy'.⁸

There's no question that another financial crash is on its way. The question is whether financialization will be able to limp on through another crisis, or whether it will spell the beginning of the end for this economic era.

The answer will depend in part on whether there is a sustained movement ready to use the opportunity to build something new. Luckily, just as finance is beginning to falter, the labour movement - whose decline since the 1980s has mirrored finance's rise - is showing signs of recovery.

In 2018 more workers went on strike in the US than in any year since the mid-1980s.⁹ Led by teachers and General Motors workers, almost 500,000 walked out - some for weeks at a time - in disputes over their poor treatment, and the poor treatment of their communities, by their employers. This increase in militancy marks a significant shift away from the trend that has seen unions in retreat for almost half a century.

As well as improvements in some numbers, there is also a new energy emerging in pockets of the union movement today. In the US and UK workers are returning to some of the more militant and creative activity of unions past, reimagined and recreated to tackle the particular challenges of today. These actions are often being led by the most marginalized workers, often women, migrants and people of colour acting outside existing union hierarchies. A new, unapologetic radicalism has been encapsulated by the wave of US teachers' strikes which has sent ripples of

inspiration through the US labour movement, while new unions and branches have sprung up in the UK with an explicit focus on organizing insecure and outsourced workers. Meanwhile, the movement for union renewal is reflected in, and feeding off, the rise in progressive party politics, with democratic socialist candidates in the US and UK elections mobilizing historic numbers of activists and supporters (particularly young people) towards a prolabour agenda. A new generation of politicized workers is demanding more from unions, including a more coherent response to climate change, and is revisiting historic demands such as a shorter working week. Rather than a dying movement, the union movement could be a giant beginning to awaken.

However, to be successful, this renewal needs to be smart and strategic. A crucial element of this is knowing the enemy. It is the argument of this book (explored in [chapter 1](#)) that financialization has profoundly impacted the ability of workers to organize and win in the workplace. As shareholders, private equity firms or financially driven executives find ways to make short-term returns through financial speculation, workers find themselves increasingly side-lined. Wealth creation is occurring not only on the factory floor, but increasingly in property markets, in currency trading or on the stock exchange - areas of the economy which are fuelling runaway inequality but in which the labour movement currently has little, if any, reach. Under these conditions, while traditional workplace wage-bargaining can win important improvements for many workers, it will struggle to achieve a substantial reduction in inequality or shift in economic power.

Now, as financialization looks as though it may begin to falter, the union movement needs a direct strategy for how to bring this era to an end, and usher in a better

alternative. To do this, unions must revisit the question of what they are for.

Building economic democracy under financial capitalism

Financial capitalism is, at its heart, about an imbalance of power. One of the ironies of modern neoliberalism is that, while its proponents moralize endlessly about *political* democracy, we effectively live in *economic* dictatorships, where even elected politicians struggle to reign in the power of financial and corporate elites. And yet, without economic democracy, political democracy is a farce.

Under financial capitalism we are disempowered in the deepest sense. Not only are our economic lives strictly constrained by the financial system, but often we don't even understand how these constraints operate or who is behind them. Just like any system of oppression, financial capitalism includes entrenched relationships of authority and subordination, resulting in fundamentally different levels of freedom for different people.

The aim of economic democracy has threaded through past union struggles, and under financial capitalism it becomes even more important. Economic democracy is about moving power for economic decision-making from those who own capital to a much broader group – the workers, renters and carers, from whom capital owners profit. It's about taking collective control over our economic lives – including our working lives and our daily economic decisions – as well as influence over decision-making power in the whole economy.

To the extent that they build the collective power of workers against employers, the owners of companies and sometimes the state, unions are inherently agents of

economic democracy. But in the face of financialization, this aim could become more ambitious and expansive.

Unions can build economic democracy in different ways. One way (explored in [chapter 2](#)) is by building institutional and political power such that unions can, alongside business, have a more formal role in government decision-making. By having a seat at the table, they can encourage policies more favourable to labour and negotiate on the wages and conditions of workers across whole sectors at a time. This kind of 'institutional power' was built and used in the post-war years, and still operates, albeit in a diluted form, across much of Western Europe. Ultimately, however, this model has failed to stem the vast economic imbalances of financial capitalism and is now in international decline.

Alternatively, unions can play a role in resisting financial extraction where it occurs (explored in [chapter 3](#)). This happens first and foremost through workplace organizing and strike action. Under financial capitalism, workers are getting smarter about how to maximize their power, demanding more in negotiations where they do have leverage, and identifying and exposing the real financial interests that lie behind workplace decisions. Workers are also maximizing their numbers by mobilizing *all* those who will be affected by those decisions, including outsourced workers and the wider communities surrounding a workplace. Finally, people are finding ways to resist economic extraction *outside* the workplace, including as shareholders, renters and debtors.

As well as resisting oppression in the current economic system, unions are also building new forms of democratic ownership (explored in [chapter 4](#)). By democratizing the means of production, workers have the ability to cut off the opportunity for rent-seeking at source. While unions have a mixed history with collective ownership, they are well

placed today to be a force in building worker co-ops, and invest in sectors – such as the ‘foundational’ economy of our everyday lives – and regions that have been side-lined by finance. Over decades, union-led co-operative projects have provided decent jobs in crucial sectors such as care, and transformed the housing market in areas of New York. But these don’t have to be side-shows to the ‘main’ economy. While some union attempts to democratize ownership on a large scale, such as the Swedish Meidner Plan and the British Lucas Plan, have been unsuccessful, the cracks in the current financialized economy present opportunities to revisit these bold ideas. As debt-laden firms falter, there is an opportunity for workers to take over parts of the economy we most depend on, and run them in the interests of workers and the wider society.

As unions shift from managing their own decline to shaping and building a new economic system, they can also be bolder about transforming the kind of work we do. This includes reducing working hours, taking a proactive role in transitioning away from damaging or useless work, and shaping new jobs in urgently needed areas of the economy, such as care and renewable energy.

Economic democracy is both a process and a destination. It is possible to build elements of economic democracy here, now, in ways that will improve things immediately. It also offers a broad and optimistic vision for an ambitious political future. Unlike the state-led socialism of much of the twentieth century, economic democracy gives meaning to the ‘democratic’ in democratic socialism. People are not the passive receivers of publicly provided services and benefits, but active participants in democratic decision-making across different realms, including the structures of the welfare state, in the home or in the workplace.