

Annual State of the Union Evaluation

**Public Sector Unions on the Rise; Private Sector in Decline
Unions Good for Health and as Defence against Unfairness
Devastating to the Economy and Taxpayers**

**BDO Dunwoody CEO/Business Leader Poll
by COMPAS in the Financial Post
for Publication September 5, 2006**



**COMPAS Inc.
Public Opinion and Customer Research
September 5, 2006**

1.0. Introduction

On the occasion of Labour Day weekend, the CEO/business leader panel was asked to assess where the union movement is going, its positive contributions to society, and its negative effects.

Over the brief period of the last five years, panelists perceive the private sector unions as in decided decline and the public sector unions on the ascent.

CEOs and business leaders on the COMPAS panel see a moderate contribution to improved health and safety as a positive contribution of the union movement to society. Among many negative effects, the strongest are “harm[ing] the economy by protecting unproductive workers” and “plunder[ing] the taxpayer by extracting absurd contracts from public sector employers.

These are the key findings from the current web-survey of the COMPAS panel of CEOs and business leaders undertaken for the *Financial Post* under sponsorship of BDO Dunwoody LLP.

2.0. Rise in Public Sector, Decline in Private Sector

Private sectors are in clear decline according to the CEO panel. More than half the respondents perceive private sector unions to have lost power during the last five years, as shown in table 2A. Public sector unions, meanwhile, are seen as rising somewhat in power, as shown in table 2B.

Table 2A: Q3: Compared to five years ago, would you say that the power of private sector unions has... [ROTATE POLES]

	%
Gone up a lot	3
Gone up somewhat	14
Remained the same	21
Gone down somewhat	47
Gone down a lot	14
Don't know or no opinion	0



Table 2B: Q4: Compared to five years ago, would you say
that the power of public sector unions has...
[ROTATE POLES]

	%
Gone up a lot	11
Gone up somewhat	30
Remained the same	36
Gone down somewhat	18
Gone down a lot	4
Don't know or no opinion	1

3.0. Constructive and Harmful Effects

Panelists do not see many positive effects of the union movement but many negative ones, as shown in tables 3A and B. Contributions to improved health and safety are the only area where panelists definitely acknowledge some positive effective—51% positive vs. 28% negative. They do not give organized labour much credit for protecting women or minorities in the workforce.

CEOs and business leaders see the effects of the union movement as negative, ranging from harming the economy and taxpayers to undermining democracy by installing virtual dictators at the head of unions to “weaken[ing] union credibility by supporting lunatic fringe elements” in public life.



Table 3A: Q1: As you may know, Canada has celebrated Labour Day for over one hundred years. Please score your agreement with the following positive statements about unions using a 7 point scale where 1 means disagree strongly and 7, agree strongly. To what extent do you agree that unions do a lot to...ROTATE

	Mean	7	6	5	4	3	2	1	DNK
Improve health and safety in the workplace	4.3	5	19	27	20	11	10	7	2
Protect employees against vicious or unfair managers	4.0	3	15	30	15	13	12	10	2
Combat discrimination against women	3.2	2	5	14	18	20	22	15	3
Provide an independent voice on domestic issues in Canada	2.8	2	6	11	10	18	22	29	3
Combat discrimination against ethno-racial minorities	2.8	1	5	10	15	19	25	22	4

Some of the strongest antipathy from panelists, almost all of whom run private sector companies, is towards the public sector unions:

It is my view that public unions have way too much power, and as a result their total compensation for like knowledge, skills and abilities (and location) exceeds the private sector by 20% to 50%. There does not seem to be a model in place that ties public compensation to private compensation. I believe that in the long term, the public sector will 'kill' the Canadian economy because of their excessive compensation, power and ability to impose economic rules and similar constraints on trade.



Our public school system in Ontario is a classic example of a union's radical executive ensuring that our children get a consistently low-quality education at a high price.

Public-sector unions probably represent the most significant hindrance to productivity in this country. All governments should be looking to privatize their operations to free themselves from parasitic unions.

The reasons and basis for unions was originally sound. Unfortunately, they became what they were originally fighting. Unions are now 'big business' and their 'employees' are grist to their leaders.

Some study needs to be done on how employees treat managers. Managers are also people trying to get a job done, and many I have spoken to almost feel that unions and employees hold them to ransom. I can certainly understand why companies leave the country; it is so frustrating.

Table 3B: Q2: Please score your agreement with the following negative statements about unions using a 7 point scale where 1 means disagree strongly and 7, agree strongly. To what extent do you agree that unions ...ROTATE

	Mean	7	6	5	4	3	2	1	DNK
Harm the economy by protecting unproductive workers	6.1	47	30	11	7	1	3	0	1
Plunder the taxpayer by extracting absurd contracts from public sector employers	5.9	44	28	12	9	3	3	0	2



*BDO Dunwoody Weekly CEO/Business Leader Poll by COMPAS in the
Financial Post for Publication September 5, 2006*

	Mean	7	6	5	4	3	2	1	DNK
Undermine democracy by making some union leaders virtual dictators in their organizations	5.8	39	28	17	4	2	6	2	2
Drive business overseas as a result of unreasonable wage demands and senseless rules in the workplace	5.7	36	24	21	7	6	2	2	2
Weaken union credibility by supporting lunatic fringe elements in Canadian politics and dictatorships abroad	5.3	32	21	16	14	5	6	5	2

While panelists are generally negative about unions, some CEOs have a more nuanced perspective:

Some private-sector unions are starting to learn the lesson of the need for more flexibility. This is a step in the right direction. Unfortunately, this message has fallen on deaf ears in the public-sector unions.

Unions serve a purpose in the business triangle. They provide benefits, pension plans, and in most cases industry stability. Politicians have tipped the balance of power towards the unions, which has a tendency to cause unrest with poorly-qualified union leaders.

There are some good unions and some bad ones. I know a CEO that likes having a union. Labour problems aren't always the union's fault. It might be interesting for someone to look at how things changed in some West Coast pulp mills when MacMillan Bloedel, and later Pacifica, were running the mills, as compared to now, when they are run by Norske, the Norwegian firm, currently operating under the name of



Pacifica. My understanding is that the union and management have a more productive relationship, perhaps due to new management.

The behaviour of unions is very uneven. There should be a charter for all unions, which they should be obliged to abide by and follow.

Owing to the mere fact that there exist in today's world unfair and sometimes cruel managers, I suggest that there is a place for employees to collectively offset the actions of such management; however, international unions fail miserably in this regard. Employee representation on a site-specific basis may well afford employees the capabilities they may need to fend off poor managers. These may also more fully assist Boards of Directors to hold site-specific managers to account.

4.0. Methodology

The COMPAS web-survey of CEOs and leaders of small, medium, and large corporations was conducted August 30 – September 1, 2006. Respondents constitute an essentially hand-picked panel with a higher numerical representation of small and medium-sized firms.

Because of the small population of CEOs and business leaders from which the sample was drawn, the study can be considered more accurate than comparably sized general public studies. In studies of the general public, surveys of 130 are deemed accurate to within approximately 8.6 percentage points 19 times out of 20. The principal and co-investigator on this study are Conrad Winn, Ph.D and Tamara Gottlieb.

