

Unpacking Union Density: Membership and Coverage in the Transformation of the Israeli IR System

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To understand the transformation of the industrial relations (IR) system in Israel, we propose a four-group typology according to workers' membership in unions and coverage of collective agreements. Using this typology, and relying on various data sources, we estimate that in 2000 membership was 40 to 45 percent, and coverage was about 56 percent, down from 80 to 85 percent for both measures in 1981. The data also reveal the emerging differences among the four groups, including income differentials. Moreover, comparing workers' actual membership and coverage with their preferences suggests that the system has not yet reached equilibrium. The study demonstrates that only a four-group typology succeeds in surfacing the complex nature of union decline.

The Israeli Industrial Relations System and the Measurement of Union Density

For observers of the industrial relations (IR) system in Israel, it is clear that the system has undergone a significant transformation. However, one is surprised by how little we know about the current state of the IR system, the pace and extent of its transformation, and whether the process has peaked or has just started.

An important characteristic of an IR system is union density. Two indicators are used commonly to measure union density—union membership rates (percentage of wage and salary workers who are members of a trade union) and union coverage (percentage of wage and salary workers covered directly by collective-bargaining agreements). The rationale in favor of each

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indicator depends on the purpose of measurement, and different indicators may tilt the outcomes. It is plausible to argue that while coverage is a more appropriate proxy for union density in corporatist regimes, membership is equally or more useful in the Anglo-American regimes.

The transformation of the Israeli system from one closely matching the corporatist regimes to one that seems to cluster with the Anglo-American ones therefore raises the question of the choice of indicators that may best provide an understanding of the scope and extent of change. This study therefore analyzes both indicators of union density and how they interact. Specifically, we propose a four-cell typology according to workers' membership and coverage status. This basic typology serves us throughout the empirical part of this article, where we rely on a recent survey of Israel's adult population and on other data sources to analyze (1) workers' current patterns of membership and coverage and the pace of decline, (2) workers' demographic and labor market characteristics, and (3) workers' preferences for coverage and membership and how these preferences compare with their current status.

The Israeli IR System's Transformation. Until the early 1980s, the Israeli IR system was based on corporatist premises and modeled on European systems.¹ It aimed to establish wages and work conditions by means of negotiated settlements between the social partners, with a strong interventionist position taken by the state. To this end, labor was organized and represented by the General Federation of Trade unions (hereinafter the *Histadrut* or the *General Histadrut*), and most employers were organized in over 20 employers' associations, which were coordinated by the Economic Organizations Coordination Bureau. While membership in employers' associations was voluntary, labor's membership was encouraged by the state's delegation of social responsibilities and economic activities to the General Histadrut. The Histadrut's power rested on four pillars: (1) its political alliance with the labor government, which was uninterruptedly in power from 1948 to 1977, (2) its vast economic activity, making the Histadrut the largest nonstate employer in Israel, (3) its control over the pensions market, and (4) its almost monopolistic position in the provision of health care.

Until the early 1980s, around 80 percent of wage and salary workers belonged to the General Histadrut, whose collective-bargaining agreements covered between 80 percent (Haberfeld 1995) and 85 percent (Shirom 1983; Shalev 1984) of the workforce. In addition, about 5 percent of wage and salary workers were organized in trade unions that were not part of General

¹ See Shalev (1984, 1992) for important differences between the Israeli IR system and European corporatism.

Histadrut.² Taken together, these estimates suggests that total trade union membership rates during the 1960s, 1970s, and early 1980s were around 80 to 85 percent of wage earners in Israel.

It is difficult to pinpoint a specific point of time when the system transformed³ and membership started to decline. The political changes at the end of the 1970s seem to mark the beginning of the transformation and decline in membership rates (Grinberg and Shafir 2000), and the detachment of health care provision from union membership in January 1995 seems to mark a peak in an ongoing process (Harel, Tzafrir, and Bamberger 2000). Figure 1 presents the proportion of wage and salary workers, stating that they belonged to the Histadrut during 1969–1996,⁴ as well as the relative size of the Histadrut's total membership based on health insurance and voting eligibility data.

Figure 1 tells a clear story. From 1969 to 1981, union membership among wage and salary workers (and the proportion insured through the Histadrut's health fund) did not decline and even increased by 5 percentage points, reaching 79 percent membership rate in the General Histadrut. Several years later, in 1988, membership in the Histadrut dropped by 11 points to 68 percent, and in 1992, it reached 65 percent. In 1996, about a year and a half after the 1995 health care reform, the membership rate sank by an additional 16 points to 49 percent. In sum, during the 15 years between 1981 and 1996, the General Histadrut's membership rate among wage and salary workers dropped by about 30 percentage points from 79 to 49 percent. About half this decline, 14 percentage points, occurred during 1981–1992. The other half occurred between 1992 and 1996 and can be attributed to the health reform law. However, the effect of the 1995 reform on the General Histadrut's total membership (including self-employed and persons not

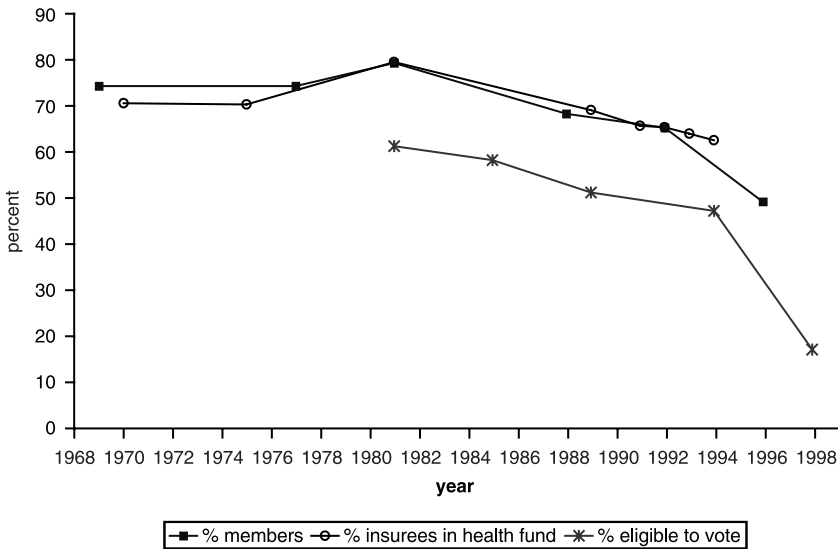
² This estimate (5 percent) excludes members of minor labor federations and independent unions who joined the General Histadrut individually to obtain health benefits.

³ The causes for the breakdown of the corporatist pact are numerous, and accounting for their relative share and their causal sequence is outside the scope of this article. Some accounts identify processes that have characterized most developed countries: globalization, decline of traditional unionized industries, and increased workers' heterogeneity (Harel, Tzafrir, and Bamberger 2000; Zussman 1995). Other types of explanation are rooted in the idiosyncratic nature of the Israeli IR system and the Histadrut, whose four pillars have eroded gradually since the late 1970s.

⁴ The proportions of union members among wage and salary workers was estimated on the basis of preelection polls of representative samples of the Jewish population for the years 1969, 1977, 1981, 1992, and 1996 (Arian and Shamir 1998). During these years, the polls included a question, "Are you a member of the Histadrut?" as well as information on respondents' employment status. We reanalyzed these polls, providing for each year an estimate for the proportion of Jewish wage and salary workers who were members of the General Histadrut. To estimate the pace of decline in the General's Histadrut's membership, we used these data, as well as the health insurance (Bin-Nun and Greenblatt 1999) and voting eligibility data (Nathanson and Associates 1999). Whatever biases these data have (e.g., the preelection polls exclude Arabs, health insurance and voting data include persons out of the labor force), they are more or less constant within sources and therefore assumed to influence the data similarly each year.

FIGURE 1

PERCENT MEMBERSHIP IN THE GENERAL HISTADRUT AMONG WAGE AND SALARY WORKERS, PERCENT ELIGIBLE TO VOTE IN THE HISTADRUT'S GENERAL ELECTIONS, AND PERCENT INSUREES IN THE HEALTH FUND OF THE GENERAL HISTADRUT AMONG THE TOTAL POPULATION, 1969–1998.



Sources:

% Membership: our analyses of pre-election polls. See note #4
 % Insurees: Bin-Nun and Greenblatt (1999)
 % Eligible to vote: 1982–1994 Nathanson and Associates (1999).
 1998: our calculations, based on number eligible to vote in numerator (Nathanson and Associates 1999) and adult Israeli population in denominator

in the labor force) was much more devastating than among wage and salary workers because the Histadrut lost nearly two-thirds of its electorate (about 1 million members) between 1994 and 1998 but only about one-quarter of its wage and salary members. Thus, while the pace of decline in the first stage—from the early 1980s until 1994—was similar in the Histadrut's total membership and its wage and salary members, the 1995 health care reform hurt total membership rates more than it hurt rates among wage and salary workers.

From Comprehensive Membership and Coverage to the Polarization of the Israeli IR System. In Israel, membership in a trade union is voluntary. By contrast, the coverage of collective agreements is not a matter of individual choice. Membership in a union is therefore irrelevant to coverage of the collective agreement itself. Although coverage and membership are determined independently and do not necessarily overlap, the comprehensive coverage and membership in the heyday of the corporatist system eliminated the need

FIGURE 2
THE BASIC TYPOLOGY.

	Not Covered	Covered
Not members	Cell I (outsiders)	Cell II (partials)
Members	Cell III (residuals)	Cell IV (insiders)

to differentiate them. Currently, the law is unchanged, but the corporatist system is no longer sustained. It is therefore useful to distinguish between the two dimensions of union density and assess how they interrelate. Figure 2 is designed to this end. It presents a 2×2 classification of the workforce according to its membership in trade unions and coverage by collective agreements.

Cell IV in Figure 2 designates workers who are *insiders* of the IR system, being both members of a trade union and covered by collective agreements. Workers in cell I are complete *outsiders* to the system (not members and not covered). Cells II and III present two interim situations. Cell II designates workers who are covered by collective agreements but who have chosen not to be members. We label them *partials* to designate their position between the outsiders and insiders. They may resist membership for economic reasons (agency fees are slightly lower than membership fees, but collective-bargaining agreements equally apply to members and nonmembers) or for ideological reasons, or they simply may not care and therefore do not join as members. Cell III designates an enigmatic group of workers who pay membership fees to a trade union but do not enjoy the coverage of collective agreements. Given that paying membership fees is voluntary, they may be believers in the collective ideology or individual beneficiaries receiving individual benefits, such as legal aid, rather than collective benefits from the union. We therefore designate members of this heterogeneous cell *residuals*.

Although coverage and membership do not necessarily overlap, the comprehensive nature of the two in the heyday of the corporatist system suggest that cell IV was dominant, with most employees being both members and covered. Given the broad coverage and the frequent use of extension orders in the past, it is reasonable to assume that the second largest group was cell II (covered but not members). In the corporatist system, very few were in cell I or cell III. Assuming about 80 to 85 percent coverage and membership in the past, it is reasonable to estimate the size of cell IV (insiders) at 75 to 80 percent, whereas the other 20 to 25 percent were split among the other three cells.

In the process of dismantling the corporatist model, the disjuncture between the two dimensions of union density becomes an important subject for study. On the one hand, the changes that have taken place in the Israeli IR system have not affected the regulation of collective bargaining, and union membership is still dissociated from coverage. On the other hand, the data presented in Figure 1 regarding membership and the recent observations on the decline of centralized collective bargaining and the use of extension orders (Shirom 1995; Zussman 1995; Kristal 2002) suggest that neither membership nor coverage is any longer comprehensive.

The Three Questions Addressed by This Study. This study draws on the four-celled matrix to address three questions.

1. *What happened to coverage and membership rates in the process of transformation?* Because coverage and membership are not established in the same way, there is no reason to assume *a priori* that the two dimensions had changed to the same extent. We expect to find that the drop in membership rates was greater than the drop in coverage rates. Consequently, we expect cell IV (insiders) to shrink and the other three to expand. This prediction is based on the assumption that coverage is more durable than membership. One reason for this relative continuity is that the rules for coverage ensure the duration of collective agreements over a long period of time, even beyond the contractually agreed phase. Moreover, for industry- and state-level collective agreements there is almost no need for membership to ensure the union's representative status. The coverage of collective agreements is therefore more tightly correlated with the employers' willingness to sustain the collective regime and with the employers' association's capacity to preserve their membership. Given that the public sector remained insulated from the new competition and that in some other sectors employers are still acting in a coordinated fashion, the drop in coverage is expected to be contained.

Unlike the relative continuity of coverage, we expect the quick withdrawal of membership for three reasons. First, social services provided in the past by the trade unions (most notably health care) are no longer associated with union membership. Second, a free-rider behavior is possible because collective-bargaining agreements apply to members and nonmembers alike, but the latter pay agency fees slightly lower than membership fees. Third, because the comprehensive nature of membership in the past relieved the General Histadrut from engaging in organizing membership, it has a limited experience in recruiting new members.

2. *What are the demographic and labor market characteristics of the four groups?* The second question expands the descriptive analysis of the first by

examining whether the four groups differ on such important characteristics as gender, age, education, occupation, tenure, sector, and income. For example, the mean income of each group will indicate the effects of being an insider, an outsider, or a member in one of the interim cells on the economic well-being of individuals in the new IR system. One possible outcome may be that the four groups are similar, thus indicating an even pattern of decline across the working population. By contrast, the possible causes mentioned earlier for the current changes in the IR system tentatively suggest that the four groups may differ on important characteristics such as sector (more insiders in the public sector).

3. *Has the IR system reached a new equilibrium, or are we to expect further changes?* In the process of displacement in the Israeli IR system, it is not clear that current patterns of membership and coverage reflect what workers want. While membership is voluntary, coverage is only partially correlated with workers' interests. The assessment of workers preferences is indicative of the future of the Israeli IR system. A finding indicating a high level of mismatch between current status of coverage and membership would suggest that the system is expected to experience continuing change. By contrast, if current status is compatible with preferences, the system may be nearing a new equilibrium.

Prior studies of workers' preferences for collective representation compared actual with preferred membership (Freeman and Rogers 1999). The analysis proposed here is distinct because it attempts to assess the potential discrepancy between current status and preferences on dimensions of membership and coverage alike. Consequently, this study seeks to identify two potential gaps that are likely to lead to individuals' dissatisfaction with their situation. A representation gap exists when the unions' grassroots power is unmet by state-delegated power (Freeman and Rogers 1999). In this situation, workers want to be members or covered but are currently not. Workers may not succeed in translating their preference for collective organization because of collective action problems that taint workers' efforts to organize (Offe 1985) or because the regulatory infrastructure that governs collective relations inhibits workers' organizing drive and capacity to negotiate. A legitimacy gap exists when the unions' state-delegated power is not supported by grassroots power. In this second situation, workers are currently covered or are members but do not desire collective representation. Problems of legitimacy are always present when unions need to draw the support of members and therefore require to devise various strategies, instrumental and participatory, to increase the membership's cohesion and commitment to the union (Bacharach, Bamberger, and Sonnenstuhl 2001). The problem, however, is more acute and qualitatively different in corporatist regimes, where much of the unions' power

is rooted in the state's delegation of its law-making power to the unions (Moene and Wallerstein 1995). In these systems, grassroots' objections may result not only from a general hostility to collective representation but also from an objection to a particular union that has been designated as the sole representative union without majority support. In these situations, the union's capacity to negotiate is potentially stripped of its substantive democratic legitimacy.

Disaggregation of total figures on current status and preferences into the four-celled framework could accommodate the analysis of both gaps by indicating how the present status of coverage and membership is related to individual preferences. Moreover, assuming that current experience of coverage and membership is related to one's perception of the desirability of collective representation (Freeman and Rogers 1999), we expect that those who are currently in cells I and IV (outsiders and insiders) would, on average, show a stronger preference for remaining in these cells than those in cells II and III, where there is a mismatch between membership and coverage.

Data

The empirical part of this study is based on a telephone survey of a random sample of Israelis 18 to 65 years old. The survey was conducted in May 2000 by the Israeli Ministry of Labor and Welfare. Of the 1509 respondents,⁵ 61.4 percent were in the labor force, and an additional 9 percent who were out of the labor force in May 2000 had been employed at some time during the 2 years preceding the survey month. For the purpose of this study, we used a subsample of 803 men and women who were wage and salary employees in May 2000 or in the 2 years preceding (due to missing values on some variables, some analyses are based on fewer cases).⁶ We used workers' responses on their affiliation to and coverage by labor organizations, their preferences regarding representation, and their demographic and labor market characteristics.

⁵ Telephone contact was established with 3348 respondents. Of these, 1650 (49 percent) respondents participated in the survey (1509 provided usable data), and 1698 (51 percent) did not participate. The distribution of the 51 percent nonrespondents was as follows: 42 percent refused, in 4 percent of households no adult respondent was available, and 5 percent had language difficulty.

⁶ A check of the marginal distributions on basic demographic and labor market information (last two columns of Table 3) indicates that the sample is generally representative of the wage and salary population 18 to 65 years old, with a slight overrepresentation of women and professional, technical, and managerial (PTM) workers (and consequently, a slight underrepresentation of skilled blue-collar workers). For the purpose of our study, these differences are not prohibitive. Workers in both occupational groups (PTM and skilled blue-collar workers) are more likely to be union members than workers in other occupations. Therefore, the overrepresentation of one group cancels the underrepresentation of the other.

The Membership Cluster. The respondents were asked (1) “Are you a Histadrut’s member?” and (2) “Are you a member in a trade union? If yes, name it.” The responses elicited for both questions evidently indicate different types of membership. A respondent who claims to be a member of a trade union (whether or not the trade union belongs to the Histadrut) is more closely associated with the traditional task ascribed to unions, namely, collective bargaining, than a respondent who claims to be a member of a Histadrut but not a member of a trade union. For the purpose of the analysis that follows, we therefore distinguished three groups: (1) *nonmembers*—those who are neither members of a Histadrut nor of a trade union; (2) *peripheral members*—those who are members only of a Histadrut (whether the General Histadrut or another)⁷ but not of a trade union; and (3) *core members*—those who are members of a trade union (regardless of whether they are also members of a Histadrut, thus including members in the professional trade unions that are not part of the General Histadrut).

Unlike the situation in the United States and Canada, membership in a trade union is not derived from active card signing or joining the union in the union hall. The processes of membership in Israel are more latent and thus require special attention with regard to the potential biases that must be attributed to the respondents’ answers. On the one hand, there may be a problem of underestimation because some individuals may not know if they are members of the Histadrut and/or of unions. This may be so because union membership fees are often deducted automatically by the employer. Following the 1995 National Health Care Law, which dissociated membership in the Histadrut from health care provision, in many workplaces workers were offered an opt-out rather than an opt-in arrangement. Consequently, inertia, misinformation, and passive neglect have left some employees as union members. On the other hand, some individuals may report that they are members of a Histadrut, although in fact they belong only to the Histadrut’s health fund, which until the 1995 reform required membership in the Histadrut. Moreover, some individuals who pay trade union agency fees may think that these fees render them full membership in the Histadrut. Self-reports on membership status therefore risk being both overinclusive and underinclusive at the same time.

The Coverage Cluster. The respondents were asked (1) “Are you covered by a collective-bargaining agreement?” (2) “Is there a deduction from your

⁷ It is reasonable to assume that the vast majority of those stating that they are members of a Histadrut belong to the General Histadrut, whereas some belong to the National Histadrut or other minor labor federations.

wages for a trade union, a workers' committee, or a Histadrut?" and (3) "Is there a workers' committee in your workplace?"

While the first question is the most direct, it risks being both overinclusive and underinclusive. On the one hand, some workers are unaware that they are working in an establishment covered by a collective agreement. This problem applies in particular where wages are determined at the industry level, which is far removed from the workers themselves. The problem of overreporting might have prevailed as well because some workers think that uniformity in working conditions is a unique feature characterizing collective agreements, whereas, in fact, employers may prefer unilateral uniform arrangements to bilaterally negotiated contracts with each and every employee.

We therefore relied on two additional variables to identify coverage. First, individuals covered by collective agreements are required to pay either membership fees (if they are union members) or a trade union agency fee (if they are not members of a union). Deductions from wages are permitted only by force of a collective agreement. Thus workers who are trade union members but who are not covered by collective agreements pay membership fees directly to the union and are assumed to respond negatively to the question on deductions from wages. Deductions from wages are therefore a good proxy for coverage by a collective-bargaining agreement.

Second, respondents reported the existence of a workers' committee at their workplace. The presence of a workers' committee is often known to the workers and thus also can serve as a proxy for coverage. Because the bylaws of the Histadrut and the independent unions require the workers' committees to be responsible for the representation of all workers in the workplace, the existence of a workers' committee indicates coverage rather than membership. However, its existence is an underestimation of coverage because these committees are not found in workplaces employing very few workers, even if a collective agreement is in force there.

We considered workers as covered by a collective agreement if they answered at least one of the three items affirmatively. All three questions explore the direct coverage of collective bargaining but avoid the extent of indirect coverage through extension orders issued by the Ministry of Labor and Welfare. Consequently, the figures presented below represent a low estimate that is based on direct coverage only.

Results

Union Membership and Coverage. Table 1 shows that 30.6 percent of the respondents reported that they are members of a Histadrut but that they

TABLE 1
 FORMS OF UNION MEMBERSHIP AND COVERAGE AMONG WAGE AND SALARY
 WORKERS IN ISRAEL

Form of Membership or Coverage		Percent (<i>N</i> = 803)
Membership		
1	Peripheral membership (members of a Histadrut only)	30.6
2	Members of a trade union only	4.3
3	Members of both a Histadrut and a trade union	10.3
4 (2 + 3)	Core membership	14.6
5 (1 + 4)	Indication of some trade union affiliation (i.e., peripheral <i>or</i> core membership) ^a	45.2
Coverage		
6	Covered by collective-bargaining agreement	35.2
7	Paying union dues	39.3
8	Existence of workers' committee in the establishment	34.8
9 (6, 7, or 8)	Indication of some coverage (i.e., workers who satisfy at least one of the coverage items)	56.1

^aMembership in a Histadrut is 40.9 percent of wage and salary workers (rows 1 + 3).

SOURCE: Survey conducted by the Israeli Ministry of Labor, May 2000.

are not members of a trade union. These respondents are designated *peripheral members*. The *core membership* is composed of 14.6 percent who reported that they are members of a trade union (i.e., a Histadrut-affiliated trade union or another). Together, 45.2 percent of the respondents provided a positive answer to one or both questions, thus indicating the broadest possible extent of trade union membership in Israel. This figure is supported by other sources. Membership figures provided to us by the General Histadrut (about 500,000 wage and salary members), the National Histadrut (120,000 members), and the major independent unions (150,000 members)—elementary and high school teachers, physicians, senior and junior academic staff at universities, and journalists—bring the total number of wage and salary union members in 2000 to about 770,000 workers, comprising about 41 percent of the wage and salary workforce in that year.⁸

Table 1 also indicates that 35.2 percent of the respondents claimed that they were covered by collective agreements, 39.3 percent said that a sum is deducted from their wages for union dues, and 34.8 percent indicated that

⁸ Estimates for the salaried membership of the General and National Histadruts were provided in letters addressed to first author. Estimates for the major independent unions are based on oral interviews with union officials.

a workers' committee existed at their workplace. A total of 56.1 percent of the respondents replied positively to at least one of these questions, thus indicating the broadest possible extent of *direct* coverage by collective bargaining.

The drop in membership was greater by 11 percentage points than the drop in coverage. This finding is based on the fact that coverage and membership rates were generally the same in the past. The 11-point gap, however, is an underestimation. On the membership side, a large share of the members are evidently peripheral members whose grassroots support of trade union activity may be limited. On the coverage side, the figures presented in Table 1 do not include the indirect effects of extension orders.

The aggregate figures presented in Table 1 are not sufficient to understand the dynamics of the new Israeli IR system. Table 2 matches the basic matrix presented earlier (see Fig. 2).

It indicates that 34 percent of wage and salary workers are complete outsiders to the collective-bargaining regime (outsiders). At the same time, approximately 36 percent of the workforce belong to a trade union and are covered by collective agreements (insiders). Yet this percentage becomes considerably smaller if we seek to identify the "hard core" who are defined as core members and who have responded in the affirmative to all three questions regarding coverage. This group consists of only 60 individuals (7.6 percent) of the 783 sampled workers (data not shown).

Tables 2 also indicates the proportion of the two interim groups in which coverage and membership do not match. Approximately 10 percent of the respondents are either core or peripheral members but are not covered

TABLE 2
UNION MEMBERSHIP BY UNION COVERAGE (PERCENTAGE OF TOTAL
IN PARENTHESES)

Coverage ^a	None	At Least Some	Total
Membership ^b			
None	268 (34%) (outsiders)	159 (20%) (partials)	427 (54%)
Peripheral and/or core	76 (10%) (residuals)	280 (36%) (insiders)	356 (46%)
Total	344 (44%)	439 (56%)	783 (100%)

^aUnion coverage: None = not covered by collective bargaining agreement, and not paying union dues, and no workers' committee (local union) at the establishment. Some = at least one of the three criteria for coverage mentioned above is present.

^bPeripheral membership includes membership in a Histadrut without membership in a trade union. Core membership includes membership in a trade union regardless of whether the worker also belongs to a Histadrut.

SOURCE: Survey conducted by the Israeli Ministry of Labor, May 2000.

TABLE 3
 DEMOGRAPHIC CHARACTERISTICS OF THE WAGE AND SALARY WORKERS IN THE ISRAELI LABOR
 FORCE BY UNION MEMBERSHIP AND COVERAGE
 (SD in Parentheses)^a

	Neither Covered nor a Member	Covered but Not a Member	Member but Not Covered	Both Covered and a Member	Total Sample	Total Wage and Salary LF
Type	I (outsiders)	II (partials)	III (residuals)	IV (insiders)		
Mean age	35.0 (11.6)	34.9 (12.1)	38.8 (11.3)	42.4 (10.9)	37.9 (11.9)	37.9 (11.7)
Mean years of education	13.7 (2.8)	13.8 (3.1)	13.0 (3.0)	14.1 (3.1)	13.8 (3.0)	13.1 (3.3)
percent at least B.A.	34.8	32.6	23.5	39.6	35.0	32.5
Mean monthly income in NIS	5848 (5937)	5454 (4798)	4887 (3151)	6018 (4096)	5745 (4869)	5893 ^b (5374)
Weekly hours	37.7 (17.6)	40.9 (13.8)	37.1 (13.9)	38.3 (12.6)	38.5 (14.9)	41.2 (12.8)
Mean tenure	5.5 (7.3)	7.8 (9.1)	6.7 (7.7)	13.3 (9.9)	9.3 (9.1)	NA
percent men	51.5	44.0	43.4	43.2	46.2	52.1
percent Arabs	9.7	16.3	4.0	10.0	10.6	8.3
percent PTM ^c	40.5	40.0	36.7	50.8	44.0	32.5
percent Clerical and sales	45.4	41.9	40.8	28.7	37.9	35.7
percent skilled blue collar	7.4	11.4	12.2	15.9	11.9	20.8
percent public sector	24.4	56.7	17.0	58.1	43.9	40.0
Number of cases	268 (34%)	159 (20%)	76 (10%)	280 (36%)	783 (100%)	33,854

^aUnion members are defined as those belonging to a Histadrut and/or to a union (i.e., core or peripheral members). Covered workers are those having at least some coverage, i.e., at least one of the three criteria for coverage mentioned is present.

^bOur analysis of 1998 Income Survey.

^cProfessional, technical, and managerial workers.

SOURCES: Survey conducted by the Israeli Ministry of Labor, May 2000. Total wage and salary labor force: Our analysis of 1999 Labor Force Survey.

(the residuals). Concurrently, approximately 20 percent of the respondents indicated that they are covered by a collective agreement but that they are not members of a Histadrut or a trade union (partials). In all, for 30 percent of the sample there is a mismatch between coverage and membership. In itself, this figure indicates the weakness of either membership or coverage when taken alone to account for union density.

The Demographics of the New IR System. Table 3 presents the demographic and labor force characteristics of the four groups.

Group I (outsiders) is underrepresented in the public sector, where collective bargaining still prevails extensively, and it is also underrepresented

among skilled blue-collar workers and among older workers. Its mean monthly income is above average, although somewhat less than that of group IV (insiders). It is reasonable to assume that this group includes many workers in the emerging high-tech sector, which operates outside the organized sector altogether. There are, however, indications that group I's composition is in fact more heterogeneous than the other groups. The standard deviations of this group's mean income and mean weekly hours are 30 to 90 percent higher than those of the other groups. This suggests that group I includes not only high-tech workers but also low-waged part-time workers employed in workplaces where there are no collective agreements.

Group IV (insiders) lay at the other extreme. This group, too, fares relatively well in terms of income, but unlike the group of outsiders, the higher levels of income among insiders match their relatively higher level of formal education, age, and tenure in the workplace. This group includes many workers who started working before the decline of the corporatist IR system. It is overrepresented in the traditional strongholds of unionism and collective bargaining: among skilled blue-collar workers and among professional, technical, and managerial (PTM) workers in the education and health care systems that are predominantly occupied by women.

The two interim groups, in which coverage status and membership status do not overlap, are weaker compared with insiders and outsiders. Partials' average income is lower compared with that of insiders or outsiders. It is the youngest group, but the average tenure of its members is relatively high. The percentage of workers in this group who work in clerical and sales and in the public sector is relatively high. Their younger age may suggest that they internalized the social skepticism toward solidaristic wage bargaining and trade union representation. Thus, despite the fact that they are integrated in well-established internal labor markets, they do not view themselves as part of organized labor. The high share of Arabs in this group may be reflective of their historical marginalization from the Histadrut.

The group of residuals consists of union members employed in establishments where there is no collective agreement. Not surprisingly, this is the smallest of the four groups. It is not evident why individuals would be willing to voluntarily pay membership dues to a union without having the coverage of a collective agreement. Although the labor market data do not answer this question, they do indicate that this is the weakest of the four groups (mean income almost 20 percent lower than that of insiders or outsiders), suggesting that some of them may be new recruits of recent union membership campaigns targeting workers in the secondary labor market.

In sum, the demographic analysis suggests that the Israeli IR system has experienced an *asymmetric hourglass effect*. The shrinking of the insiders in

the IR system has benefited some workers and economically disadvantaged others. The asymmetric hourglass effect suggests that the polarization of the Israeli IR system is two-faced: (1) the shrinking of the previously comprehensive corporatist settlement of working conditions and the increase in the number of outsiders (and to an extent also the two interim groups) and (2) the significant differences in labor supply and income among the outsiders, some of whom are highly compensated, whereas others are only poorly compensated.

Representation and Legitimacy Gaps in the Breakdown of the Corporatist IR System. To assess whether there are either representation or legitimacy gaps, i.e., a mismatch between current patterns of coverage and membership on the one hand and what workers want on the other, we analyzed respondents' answers to the following two questions: (1) "Are you interested in joining a trade union?" and (2) "Are you interested in having a workers' committee in your workplace?" Responses including "very interested" and "interested" (4 and 5 on a scale of 1 to 5) to these two questions were taken to indicate a preference for membership and coverage, respectively.

The responses reveal that approximately 48 percent of the workforce is interested in joining a trade union (membership), but a higher share (62 percent) is interested in having a workers' committee (coverage). The results indicate that the potential for trade union membership is similar to the current rates of membership, as described in Table 1 (45 percent), and that the desire of workers for coverage by collective agreements is somewhat higher than current rates (56 percent).

Using Figure 2, we constructed a continuum in which 1 designates individualism and 4 designates solidarity. We assigned scores to all respondents ranging from 1 to 4 according to their current and preferred states. The aggregate responses suggest that the mean of the current system is 2.53, and the mean of respondents' preferences is 2.54. These figures indicate that the current system resembles, on average, what workers want.

The aggregate data, however, do not tell the entire story. The outstanding question is whether workers are currently situated where they want to be. Table 4 suggests that most of them are not. Of the 742 respondents, 330 (44 percent) are currently situated where they want to be (along the shaded diagonal), whereas 412 (56 percent) prefer to be situated differently. Of those whose preferences reveal dissatisfaction with their current status of coverage and membership, 222 persons (29 percent)—above the shaded diagonal—prefer to move to a more solidaristic position on the individual–solidarity continuum (i.e., more membership, coverage, or both). By contrast, 190 persons (26 percent)—below the shaded diagonal—prefer to

TABLE 4
 ACTUAL REPRESENTATION BY PREFERRED REPRESENTATION:
 OUTFLOW (ROW) PERCENTAGES

		Preferred Representation				Total
		Neither Covered nor a Member	Covered but Not a Member	Member but Not Covered	Both Covered and a Member	
Actual representation	Type	I Outsiders	II Partials	III Residuals	IV Insiders	
Neither covered nor a member	I (outsiders)	132 (52.0)	31 (12.2)	24 (9.4%)	67 (26.4%)	254 (100%)
Covered but not a member	II (partials)	40 (27.0%)	38 (25.7%)	13 (8.8%)	57 (38.5%)	148 (100%)
Member, but not covered	III (residuals)	24 (32.9%)	13 (17.8%)	6 (8.2%)	30 (41.1%)	73 (100%)
Both covered and member	IV (insiders)	35 (13.1%)	72 (27.0%)	6 (2.2%)	154 (57.7%)	267 (100%)
		231 (31.1%)	154 (20.8%)	49 (6.6%)	308 (41.5%)	742 (100%)
Total						

SOURCE: Survey conducted by the Israeli Ministry of Labor, May 2000.

move to a more individual-oriented status (i.e., less membership, coverage, or both). Not surprisingly, those who convey a preference for more representation or coverage are poorly compensated compared with those who wish for less representation or membership (monthly incomes of 4786 and 5814 NIS, respectively; data not shown).

We hypothesized earlier that those currently situated in cells I and IV, in which membership status and coverage status match, are more satisfied with their present status than those in interim cells II and III. Table 4 confirms this hypothesis. While more than half those in cells I and IV (outsiders and insiders) were satisfied with their status, only 26 percent of those in cell II (partials) and only 8 percent of those in cell III (residuals) revealed a preference for remaining in that status. The greater instability of group III than group II can be explained by the data in Table 3, which displayed the relative weakness group III in the labor market, as measured by lower mean income.

In sum, it appears that the cleavage between membership and coverage in the postcorporatist IR system has created a mismatch between individuals' affiliation with trade unions and their coverage by collective agreement (or lack of) and their true preferences. The system is therefore expected to undergo further transformations in both membership and coverage until a new equilibrium is reached.

Conclusions

A recent publication of the International Labor Office (1997) provides an estimate of 23.1 percent (450,000 members) for the unionization rate in Israel in 1995. This figure, we find, is a gross underestimate. Our analyses of old and new surveys, as well as membership figures provided by unions, suggest that the rate of unionization among Israel's wage and salary workers in 2000 was between 40 and 45 percent. Thus, in 20 years, the rate of unionization dropped from 80 to 85 percent of wage and salary workers to less than half the wage and salary workforce.

The decline in union membership among wage and salary workers was not as abrupt as commonly perceived. About half the decline occurred during 1981–1992. The other half occurred between 1992 and 1996 and can be attributed to the health care reform. However, the effect of the 1995 reform on the Histadrut's nonsalaried membership was much more devastating than it was on wage and salary workers. Nevertheless, given that the centrality of the General Histadrut in Israel's economic and social spheres was based on its all-embracing impact on the population as a whole, it is reasonable to assume that the sharp decrease in membership among those not in the civilian labor force has impaired the functioning of the General Histadrut as a representative of the wage and salary workforce.

Not only has the General Histadrut's membership declined, its monopolistic position in the representation of labor can no longer be taken for granted. In 2000, the share of the General Histadrut among union members is only about two-thirds, compared with about 95 percent until 1990 and about 90 percent during 1990–1994. The consequences of this change to an IR system that was based on a single union require further studies but potentially introduce problems of interunion rivalry and dispersion of power.

Distinguishing between the various dimensions of union density, the data reveal that the drop in membership has been more extensive than the drop in coverage. While two decades ago the group of insiders was the most dominant in the Israeli IR system, it currently includes only a third of the workforce. At the same time, the group of outsiders to the collective IR system has grown and is currently almost the same size as that of the insiders. The other third is composed of workers whose coverage status and membership status do not match. Thus, while the drop in coverage is relatively contained, the group of insiders in the IR system has declined considerably.

The four groups identified by this study on the basis of coverage and membership status proved to be distinct. The analysis demonstrated that in

terms of economic status, the groups of insiders and outsiders fare better than the interim groups. Yet the group of outsiders is highly polarized in itself because it includes both very highly and very poorly compensated workers. The polarization of the Israeli IR system, encapsulated by the metaphor of an asymmetric hourglass effect, adds support to the findings on the breakdown of the comprehensive corporatist regime. Not only has the General Histadrut ceased to be a central social and economic institution for the population as a whole, but its impact as a trade union for wage and salary workers also is currently confined to identifiable groups, such as the public sector and workers in industry. Thus the ubiquitous reign of the social partners, as associated with corporatism, and its alleged benefits no longer prevails.

This study also found that workers' average preferences for membership and coverage matched current actual rates. However, a comparison of their preferences with their current status showed that only half were content with it, approximately a quarter wishing for more representation (hence a representation gap) and a similar share wishing for less (hence a legitimacy gap). Evidently, the system has not stabilized yet and is predicted to undergo further changes. This finding raises an important challenge to the agents of the IR system because the regulatory infrastructure of the IR system generally has remained the same throughout the period of decline. This infrastructure was designed to preserve the comprehensive membership and coverage of the past. However, because these are no longer viable, it does not provide alternative routes that can consolidate workers' status with their preferences. It is therefore unclear how a new equilibrium will be achieved, and it can be hypothesized that both representation and legitimacy gaps are likely to remain.

The outcomes of past studies resting on union density have proved highly sensitive to the method of measurement (Flanagan 1999). Our findings, too, lend strong support to the vulnerability of simple measures as descriptive indicators of an IR system. Previous studies in Israel did not distinguish core from peripheral membership, nor the four groups presented in Figure 2. Differentiation of groups was limited to the dichotomy between members and nonmembers of the General Histadrut. Consequently, previous research failed to detect significant income differences between members and nonmembers (Haberfeld 1995; Harel, Tzafirir, and Bamberger 2000). Had we used the traditional dichotomy to estimate workers' income, we would have obtained similar results. In our sample, the mean income of all nonmembers (outsiders and partials combined) is NIS 5701, compared with NIS 5809 for all members (insiders and residuals). These insignificant differences of less than 2 percent between the two groups mask the substantial

income differences found in the four groups presented in Table 3. A similar example can be found in the analysis on workers' preferences, where aggregate measures showed that, on average, the current membership and coverage rates match workers' preferences. However, when disaggregating the data into the four groups, we found a considerable mismatch between current status and preferences.

Finally, disaggregating the measures of union density also can aid in the process of comparing IR Systems. The ILO data alone may create the impression that the Israeli IR system has clearly side-stepped the European corporatist regimes that it resembled in the past. However, the current data, and the distinction between membership and coverage, indicate that Israel's position in comparison with other countries is not clear (Flanagan 1999). Israel no longer clusters with the continental European systems and has transformed into a system that appears to be moving in the direction between the European countries on the one hand and the United States and Japan on the other. In terms of membership, Israel's rate is higher than that of the Anglo-American systems (United States, Japan, Canada, and United Kingdom) and even higher than some of the corporatist European systems (higher than France and Germany and similar to Austria). However, in terms of coverage, Israel's rate sank to a level that no longer matches levels of coverage in European corporatist states. The idiosyncratic position of Israel and the scope of change seem to point to the Israeli system's transient situation. This too accords with the findings in this study that compare workers' current status with their preferences.

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