

To all Editors, Columnists, Commentators — for IMMEDIATE RELEASE as feature article, letter-to-editor, or as background material for editorial writers.



The author of this SPOTLIGHT is a member of the faculty of the College of Commerce and Business Administration of the University of Illinois. Here, he outlines the nature of the threat to a free society occasioned by powerful labor monopolies, and also makes two constructive proposals for dealing with the labor monopoly problem.

## LABOR UNION MONOPOLIES

By JAMES R. MORRIS

No. C-201

The nature of the constitutional crisis precipitated by President Truman's seizure of the steel industry is recognized by all well-informed men. The nature of the problem which gave rise to the President's action unfortunately is not so well known. It is not enough to assert that there is an emergency (the threat of Communist aggression) and that we must have steel; that we cannot tolerate a serious strike in a basic industry in these critical times.

Basically, the nature of the underlying problem is this: we have permitted and encouraged the establishment of powerful producer-minority groups which have the power to disrupt our economy if their wishes are not granted.

Under Section 7(a) of the National Industrial Recovery Act of 1933, the Congress committed itself to the establishment of industry-wide collective bargaining and of powerful labor unions. We should be remiss in our duty were we not to observe that the N. I. R. A., taken as a whole, was a blueprint for the syndicalist state—the corporate state.

Although the N. I. R. A. happily was declared unconstitutional by the United States Supreme Court, Congress still felt it desirable to promote the cause of labor unionism and it passed the Wagner Act of 1935, which incorporated the essence of Section 7(a) of the N. I. R. A. Thus, since 1933 it has been the intention of Congress to foster the cause of unionism. It should be noted that the Taft-Hartley Act of 1947 did not in any serious way strike at labor monopoly, nor was it designed to do so (although the House version had contained a prohibition against industry-wide bargaining). Essentially the Taft-Hartley Act was designed to curb certain specific "abuses" of labor union monopoly while leaving the cause of the abuses, labor union monopoly power, virtually untouched.

It is the power of giant labor monopolies which is now threatening to disrupt

our economy. In steel, coal, communications, transportation, and other basic industries, labor combines have been disrupting our economy since the conclusion of World War II. Labor monopolies in basic industries are in a position to declare, in effect: Our demands shall be complied with or we will disrupt the economy. Given industry-wide combinations, labor unions are in a position to secure their demands with essentially the same disregard of the public welfare as was exemplified by the "robber baron" of years ago who was reputed to have said: "The public be damned."

Because of the enormous power now held by labor monopolies the public may expect a continuing series of economic crises. Labor unions now are so powerful that we find ourselves in the position of being forced to choose among three alternatives, only one of which is in the public interest and, it might be emphasized, in the interests of the vast majority of workers. The alternatives confronting us are as follows.

First, we may continue to yield to the demands of organized labor. If we do so, we shall be confronted with rising costs and prices and general inflation, if monetary inflationary forces are predominant. If, however, deflationary forces are predominant we shall face rising costs, high prices and growing unemployment. This dilemma, a creature of the New Deal-Fair Deal administrations, is, perhaps, the explanation of that Administration's efforts to maintain a so-called "controlled inflation." We cannot continue to "buy" "industrial peace" at such high "prices."

Our second alternative is to make increasing use of the power of governmental intervention to "settle" labor disputes. In some specific instances, such governmental intervention may appear to benefit labor, or management, or even the general public. Ultimately, however, the continued reliance upon governmental intervention can

mean only the further concentration of power in the hands of government and the gradual elimination of collective bargaining. In this event, all will lose—unions, employers, and the general public. The very existence of a free society is dependent upon the decentralization of power, economic as well as political. Continued and expanded direct governmental intervention in labor disputes can but lead to further centralization of economic and political power.

The third alternative is to weaken substantially the power of labor monopolies, specifically, to take from them the power to disrupt our economy. Reduction of the scope and power of labor unions is consistent with the ideal of decentralization of power and it is the only way to protect the common interests of all workers. It should be noted that of a total labor force of some 63 million workers only about 16 million are union members. Thus only about 25% of the total labor force is unionized. And we also should observe that this number and proportion would be substantially less were it not for the fact that the federal government has given legal sanction to compulsory union membership. Legalization of the union shop (and variants thereof) inflates markedly the apparent support given unions by workers.

I therefore would like to submit two specific and, I think, constructive proposals for dealing with the problem of labor monopoly. Let us state at the outset, however, that these suggestions should not be regarded as panaceas. Rather, they represent the most feasible lines of constructive inquiry and action which may be pursued in our search for a national labor relations policy which is consistent with a free society.

The first proposal is that industry-wide bargaining be made illegal. More specifically, the size of the union (and of the bargaining unit) should be limited to the workers of an individual firm. It would be



necessary also, of course, to prohibit collusion among such independent unions.

The exemption of labor unions from our anti-trust laws not only is counter to our general national policy of enforcing competition but it is also the most serious single cause of the labor "crises" which, with dire repetitiveness, disrupt our economy and threaten our national security. No one as yet has advanced any *sound* reasons for the exemption of labor unions from the anti-trust laws.

Industry-wide bargaining is a long step towards the syndicalist or corporate state, and it is a short, but dangerous, step to completion of the syndicalist triangle: permissive action by government of the formation of employers' syndicates (unions) and the establishment of tripartite "industry boards" to govern each industry. Should we make this step, we will have adopted the corporate (fascist) or syndicalist state of Mussolini, Franco, and Peron.

Syndicalism inevitably would spell the doom of collective bargaining and of free, independent labor unions and of a free society as well. Yet governmental intervention along these lines has been progressing at an alarming rate, witness the seizure of the steel industry and the numerous tripartite boards which have been established to try to cope with recurring emergencies brought about by the threat of industry-wide strikes in basic industries.

The only workable alternative, consistent with a free society, is a reduction of the scope and power of labor unionism, namely, the outlawing of industry-wide bargaining.

Specific attention should be directed to the desirability of outlawing all multi-employer bargaining, whether it be literally industry-wide, regional, or local labor market in nature. The monopoly power inherent in multi-employer bargaining cannot be overstated. This is in accord with my earlier suggestion that unions be limited to the employees of a single employer.

The second proposal is that Congress prohibit compulsory union membership in all its forms. Compulsory union membership strengthens the power of labor unions which already are a menace to free institutions because of their excessive powers.

The commonly employed "free riders" or "hitchhikers" argument cannot be regarded as justification for giving legal sanction to compulsory union membership. This is the argument that all workers in a unionized plant are benefited by the union and that therefore all workers should be compelled to contribute to the support of the union by making union membership a requirement of the job. Virtually no one would subscribe to the notion that Congress should give legal sanction to compulsory membership in all organizations from which we derive benefits. There is no sound reason for making unions a special exception and thus requiring workers to "join" a union in order to work. Indeed, in an economy such as ours, there is over-

whelming weight in favor of outlawing compulsory union membership. In a complex market economy freedom to work is essential to our constitutionally guaranteed right to life. Where union membership is required to hold a job, the union secures control over jobs and is thus in a position to exercise enormous control over workers.

Compulsory union membership is contrary to the principle of voluntary association. It is contrary to the principle of a worker being free to join a union of his own choice, which falls within the purview of the "life, liberty, and property" rights guaranteed by the 5th and 14th Amendments of the Federal Constitution. Freedom to join a union of one's own choice necessarily implies freedom to substitute one union for another or even to dispense with a union altogether. Compulsory union membership makes the exercise of such freedom almost impossible since workers may be expelled from the union (e.g., for "disloyalty" to the union) and then must be discharged by their employers. (Fortunately, the Taft-Hartley Act currently prohibits discharges from employment because of loss of union membership for any reason other than failure to pay uniform union initiation fees or dues.) Compulsory

union membership contributes much to union security but it deprives individual workers of both security and freedom.

In conclusion I wish to emphasize the need for wise, scholarly attention to the basic labor relations problems confronting the nation. Hasty, ill-considered, or vengeful action may compound our problems rather than mitigate them.

Let us beware too of "blaming" labor union monopolies for exercising the powers permitted them by Congress. It is naive to expect that monopoly powers will not be abused; the fault lies in permitting the existence of monopoly power.

Compulsory arbitration is not the solution of the labor monopoly problem. Compulsory arbitration will surely lead to discretionary (as opposed to market) determination of wage rates, profits, and other conditions of employment and business. Thus the wage structure would be distorted, the guide (profits) to entrepreneurial investment distorted and the ensuing economic chaos surely would lead to even more complete socialization of the economy than now prevails. And socialism, by depriving us of our economic liberties, would soon deprive us of our other liberties.

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TO ALL EDITORS: Thanks for tear sheet showing how this was used.

If you agree that industry-wide bargaining is anti-social, and that, therefore, labor unions should be subjected to the same anti-trust provisions that curb business monopolies, make your influence felt by writing to your Representative, Senators, and candidates for office, regardless of party, and expressing your views.

Take these steps:

1. Send for copies of SPOTLIGHT B-142, by Congressman Ralph W. Gwinn, entitled "DRIVE MONOPOLY OUT OF LABOR RELATIONS," and, if you agree with its point of view, send it on to your Representatives and urge them to support Bill H. R. 7697-98.
2. Send for and read the important statement by Theodore R. Iserman on "LABOR MONOPOLY AND THE GWINN-FISHER BILL." SPOTLIGHT B-174.
3. Ask for copies of Dr. Willford I. King's statements: "HAVE EMPLOYEES 'A RIGHT TO STRIKE'?" SPOTLIGHT B-144, and "WHAT COLLECTIVE BARGAINING DOES-AND DOES NOT DO," SPOTLIGHT B-146.

The only real way to get rid of ever-recurring industrial tie-ups is to eliminate monopolies of labor just as we have eliminated monopolies in business. It is a mistake to regard industry-wide strikes as merely contests between employers and employees. They injure all of us whether we are lawyers, clergymen, farmers, clerks, mechanics, physicians or housewives. Therefore, all of us should insist that these labor monopolies, which now have a strangle hold on Uncle Sam's throat be abolished forthwith. Equality before the law must be re-established so that our voluntary competitive society, which has produced the highest scale of living the world has ever known, be freed from this incubus of monopoly.

The Gwinn-Fisher Bill H. R. 7697-98 is designed to do just this. Get behind it.

But this is no easy task. The labor monopolies have at least half a billion of income annually, and have at their disposal the services of 100,000 shop stewards.

Only an aroused citizenry, comprising victimized men and women in all walks of life, can overcome such powerful opposition.

Discuss the labor monopoly issue in clubs and other organizations, and tell your friends to express their views to Congressmen.

For a more exhaustive study of these problems, read Scoville's "Labor Monopolies OR Freedom," 164 pages; 1 copy, \$1; 3 copies, \$2; 5 or more copies, 60¢ each.

Write for additional copies of the Gwinn-Fisher Bill, H. R. 7697-98; Up to 5 free; 40 for \$1; 100 to 800, 2¢ each; 1000 or more, 1½¢ each; postpaid anywhere.

Distribute this SPOTLIGHT widely. Urge others to do likewise. 2 copies free; 40 for \$1; 100 or more 2¢ each, postpaid anywhere. Single yearly SPOTLIGHT subscription, 104 installments \$12; 2 to 8, \$11; 10 or more \$10 each.

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