

The Real Reform

by Henry Hazlitt



FOR more than a generation Federal law has assumed that the primary solution of the labor problem was to increase the workers' bargaining power. This took on the form, on the one hand, of putting special compulsions on the employer to "bargain collectively," and, on the other, of granting special privileges and immunities to the labor unions to organize, monopolize, strike, picket, boycott, and intimidate. This legislation notoriously failed of its declared purpose "to diminish the causes of labor disputes." After passage of the Wagner Act the number of strikes tripled.

The mild amendments in the Taft-Hartley Act did little to improve matters. Federal laws still encouraged strikes by making it virtually impossible for an employer to try peaceably to carry on his business with non-striking workers once a strike was called. But the urgent legal reforms have never been made. In quiet times, when there is no major strike, there seems to be no urgency and Congress does nothing. When there is a prolonged nationwide strike, it is "too late" for Congress to act. And most of those who do want to "do something" call for still further government intervention.

TWO PROPOSALS

Two proposals are now being widely put forward. The first is for compulsory arbitration, perhaps thinly disguised as government "fact-finding" and "recommendations." What the optimistic advocates of this fail to recognize is that it would lead us rapidly toward a controlled, authoritarian, economy. The first question is whether it could be enforced. Would an employer accept a wage decision that he thought was going to put him out of business? Would a union accept a decision that its members thought was going to make them worse off than other workers? Would unions and labor leaders generally accept a situation which would cause them to lose their very *raison d'être*?

Assuming that the government was sufficiently determined and ruthless in enforcing its decisions, its problems would mount. It would doubtless begin by assuming that it could decide each case "on its merits." How would it

determine these "merits"? In 1952 automobile wages were higher than steel wages; today the situation is reversed. Which is "correct"? Suppose a government board awarded one union a 5 per cent wage increase? Would not every major union immediately demand, or threaten to strike for, a similar increase? On what principle could it be denied? Would the government, in desperation, try to freeze all wages and prices where they were? Wouldn't this freeze all existing inequities? Would it not remove all the flexibility which allocates workers and production among thousands of different products to conform with daily changes in supply and demand, and reduce, distort, and disrupt production?

LIMITING UNION SIZE

The second major proposal is that industrywide unions be prohibited; that the size of the bargaining unit be limited by law—to, say, the workers in each individual firm. Here again the question arises whether this could be enforced, or even whether it would be desirable to try to enforce it. Should we limit the right of freedom of association? It would make sense, of course, to stop putting a *legal compulsion* on the employer to bargain with an industrywide union, or any unit larger than that consisting of his own employees. But this exemption would probably be meaningless as long as other coercive union privileges—including the exclusive-bargaining-power clause—remained in the law.

Why not simply remove any legal compulsion on the employer to bargain with a specific union? Why not make collective or individual bargaining genuinely free and voluntary on both sides?

Perhaps the best solution, if we were bold enough to consider it, would be to wipe most of the Federal labor legislation of recent years off the books, including the Norris-La Guardia and Taft-Hartley-Wagner acts, get rid of labor boards, and substitute a simple provision, enforceable in the courts, that an employer substantially engaged in interstate commerce could not discriminate in hiring or firing either against union members or against non-union members.