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WILL MEDIATION SOLVE THE LABOR-MONOPOLY PROBLEM SATISFACTORILY?

BY WILLFORD I. KING

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"Can Ike Stop Strikes?" is the pungent question propounded in the February 22 issue of *This Week* by Merlyn S. Pitzele, former Chairman of the New York State Board of Mediation, and, during the last campaign, adviser to General Eisenhower on labor matters.

This query is echoed by those thousands of other thoughtful Americans who have been disturbed by the repeated slow-downs of our great industrial machine brought about by nation-wide strikes in such basic industries as railways, coal, and steel. In the past year, our nation was at war and maximum production was highly necessary, yet, as the February issue of the *United States Survey of Current Business* tells us, "Work stoppages in 1952 resulted in the direct loss of an estimated 55 million man-days, a total surpassed only once in 26 years that these figures have been compiled."

Assuming the average rate of pay prevailing in the manufacturing field, this meant that the direct wage loss to strikers amounted to some \$730 millions. Since, on the average, wages constitute about 40% of the total value of the industrial product, it seems reasonable to assume that strikes *directly* reduced the output of our industries by around \$1,825 millions. The extent of indirect losses can only be guessed at. Such losses are serious indeed. Is there any way to keep them from occurring?

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Ives' Questionable Plan

Senator Irving M. Ives of New York believes that a bill which he has recently introduced into the Senate will, if adopted, minimize the danger of industry-wide strikes, and promote fair settlements of labor disputes. What he proposes is to extend to other industries approximately the same device which has been used for many years in the railway field — namely that, whenever the President finds that the national welfare is threatened by a labor dispute, he shall appoint an Emergency Board to study the issues involved — the Board to attempt to settle them by mediation. If unsuccessful in reaching a settlement, the Board shall present to the President a detailed analysis of the facts. The long experience of the railroad industry with this type of procedure furnishes ample evidence concerning its merits and demerits. What does this experience show?

The actual course of events has been as follows. From time to time, the railway employees' unions have demanded advances in pay. The railroads have pointed out that their earnings were too low to justify the advances requested. The unions have threatened to strike. The President has appointed an Emergency Board to study the matter. The Board has analyzed and presented the facts. Neither party to the dispute has changed its position. The Board has then suggested that they split the

difference. The President has backed the Board. Both sides have yielded. Peace has reigned for a year or so. Then the unions have demanded further wage boosts. A new Emergency Board has again split the difference. Throughout, expedience — not justice — has dominated the findings.

Remedy Didn't Cure

The recurrent wage advances granted by the railway Emergency Boards have forced the Interstate Commerce Commission to raise railway rates to such an extent as to cause the railroads to lose traffic to buses, airplanes, pipe lines, and trucks. So, since 1921, ton-miles of railway freight have less than doubled and railway employment has *declined* by approximately one-fourth, even though physical production in manufacturing and mining has more than trebled. In the same period, the total *dollar* net income of the railroads has actually shrunk, even though dollars have halved in value, and, today, the *real* dividend income of railway stockholders is only about three-eighths as great as in 1929. During the period 1939 to 1943, mainly because of the wage awards of the Emergency Boards, corporations owning about one-third of the nation's railway mileage were kept in bankruptcy, and reorganizations have since brought heavy losses to the investors. This is the record of the system of handling labor disputes which Senator Ives now wishes

APR 17 53

to impose upon all industries! Has he never looked at the record?

Eisenhower's adviser, Merlyn S. Pitzele, believes that the right way to prevent catastrophic strikes is to have Government mediators intervene *before* any industry-wide dispute between workers and employers reaches a crisis. He quotes President Eisenhower as saying: "Preventive medicine has worked wonders in preserving health. Preventive mediation could often anticipate the fever spots in our economy." Doubtless this is true. Mr. Pitzele presents evidence showing that preventive mediation has worked well in various cases. But has not this success been attained mainly in a long-continued inflationary period in which it has been feasible to push up wage rates six to ten per cent per annum?

Labor Bosses Must Balk

Suppose that the new Administration carries out its promise to balance the budget and stop the advance in the price level. Suppose, indeed, that the price level begins to decline. If such a decline is not stopped, the only possible method of preventing mass unemployment and depression will be to cut wage rates — perhaps sharply. Do President Eisenhower and Mr. Pitzele believe that, under such circumstances, Government mediators could induce the leaders of the big labor monopolies to agree to the needed wage reductions? Can labor bosses *ever* accept wage cuts and still retain their prestige and power? Are not perpetual wage advances and more fringe benefits their stock-in-trade?

Are not those relying upon such things as fact-finding boards, mediation, and arbitration to prevent disastrous strikes refusing to look at the fundamentals? Is government's proper role merely that of laying down the rules of war while great labor monopolies and resulting combinations of employers battle for supremacy and trample ruthlessly upon the rights of everyone else?

Time was in our nation when monopoly was characterized as being "contrary to the spirit of a free people." Has this viewpoint become obsolete? Has it, indeed, come to a pass that ordinary citizens have no rights which monopolists are bound to respect?

The present-day tolerance of such destructive private warfare is due primarily to the deceptive but effective propaganda put out by clever representatives of the labor monopolies. They have "sold" to our public the completely fallacious idea that the amazing increase in the average real earnings of American workers has, in the main, been due to unionization and collective bargaining. To arrive at this conclusion, they must, of course, completely ignore the Census data showing that these forces have had no tendency whatever to increase the *percentage* of the total value product of industry going to wage earners.

Unions Actually Failed

They must also shut their eyes to two basic facts:

1. That, by encouraging featherbedding and inefficiency, unions greatly reduce production and hence *lessen* the total pay of the wage workers.
2. That, by pricing labor out of the market and by bolstering wage rigidity, unions both generate and prolong mass unemployment and depressions—such actions during the "Thirties" having kept millions of potential employees in poverty for a decade.

In view of the facts above mentioned, is it not evident that what the nation needs is not more machinery for appeasing ruthless monopolists, but, instead, the elimination of all uncontrolled monopolies, and restoration to American citizens of their rights to bargain and compete freely in the open market without interference by bureaucrats, labor czars, or lawless mobs? Why not recognize the truth that sugar-coating fascism will never make it a desirable substitute for economic freedom?

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

TO THE PUBLIC: If you believe that the excesses of labor monopolies must be curbed, now is the time to make your citizen's influence felt. Study the Gwinn-Fisher Bill, which applies to labor unions the anti-trust provisions that have prevailed against business, and prohibit industry-wide bargaining and strikes paralyzing the country. Phil Murray's steel strike destroyed \$4 billions of wealth production, harming every family in our nation.

Government persecutes business monopoly but encourages and helped build labor monopoly, which now has more than \$400 millions of annual dues. Only if farmers, professional people, housewives, shareowners, and many others are aroused to these dangers and demand protection from their representatives in Congress will the monopoly power of labor bosses be curbed.

Ask for free copy of Theodore Iserman's SPOTLIGHT B-174, "Labor Monopoly and the Gwinn-Fisher Bill," and of Ralph W. Gwinn's SPOTLIGHT B-142, "Drive Monopoly Out of Labor Relations." Write your Congressman and two Senators, sending them, if you wish, copies of these SPOTLIGHTS. Two of each free; more, 2¢ each. Make this a matter of discussion among fellow employees and fellow shareowners. Tell them what you are doing and urge them also to speak up.

Send for these fibre-bound books: "Labor Monopolies OR Freedom," by John W. Scoville, which analyzes, in the light of economic principles, the problem presented by labor monopolies. Two copies for \$1, postpaid anywhere. "Why the Taft-Hartley Law?" by Irving McCann, which shows the background of abuses and the reasons for the provisions of the existing Taft-Hartley Law. \$1 per copy, in combination with free copy of John T. Flynn's "The Road Ahead," showing how British trades unions took England into socialism and poverty. Send for, study and give wide distribution to these books—also bulk quantities of these SPOTLIGHTS—to arouse others. Single yearly SPOTLIGHT subscription, 104 installments, \$12; 2 to 8, \$11; 10 or more, \$10 each.

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