UNION MONOPOLY

Its Cause and Cure

V. ORVAL WATTS

THE FOUNDATION
FOR SOCIAL RESEARCH

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PREFACE

A consulting economist, with a long background of interest and study in social problems, Dr. Watts first came into close contact with labor problems and the union movement during the general strikes of 1918 and 1919 in Winnipeg, Canada. During the 1919 strike, which spread through Canada, several Winnipeg clergymen came to the defense of the unions. As the conflict increased in bitterness, a number of them left their pulpits and together formed what they called "The Labor Church." Dr. Watts' father, a former North Dakota minister and at that time a school principal in Winnipeg, became head of the new denomination. The strikers, their families and friends followed their ministers; and for the next two years 21-year-old Orval Watts joined his father and these ministers in preaching to several congregations formed in various parts of the city.

He thought he had found his life's mission there, preaching what had become the religion of the new "Labor Church,"—the gospel of trade unionism; but feeling the need of further preparation for this career, the young radical came back to the United States for graduate study at Harvard University.

It was there at Harvard that he obtained his doctorate in economics. What is far more important, under the guidance of Professor Thomas Nixon Carver, Dr. Watts began to see the fallacies of collectivism. He became convinced that the solution for the problems of labor rela-

tions, as well as for other social problems, must follow the economic and moral principles of voluntary cooperation. The intervening 30 years Dr. Watts has spent in study and exposition of these principles, as a college professor, writer and economic counsel.

In the field of labor relations, as Associate Professor of Economics at Carleton College, Dr. Watts conducted courses in labor problems and personnel management.

As I have come to know him, heard him speak and read his writings, he has helped me see that man's greatest social problems arise from neglect of simple truths, from violation of well-known and time-tested principles.

Today, as always, many persons would have us believe that these simple, basic principles of human action no longer apply. They say, "Life is more complex now. New problems call for new solutions."

But are these chief problems really new,—the problems of wars, spies, juvenile delinquency, inflation, depressions, poverty, strikes? Are they not the difficulties we make for ourselves as we repeat old errors?

In some respects, man changes less than the mountains about him. While wind and rain, earthquakes and tidal waves change the face of the earth, the nature of man seems to have changed little, if at all, in thousands of years. His needs for food, air, water and sunlight remain the same. His needs for family life are unchanged. His capacity for work and play, enmity and friendship, reason and emotion have not been proved to be either greater or less than milleniums ago.

The principles man should follow in his dealings with his fellows are no different today from what they were when he first accepted the Ten Commandments as the eternal will of an eternal God. No matter how clever our machines or political plans, we cannot escape the

penalties for violating these laws; and nothing man can do promotes human life or endures except as he does it in accord with these eternities.

This is clearly the point of view with which the author of this book looks at events and policies in the field of human conduct we call "labor relations."

JAMES C. INGEBRETSEN, *President*
THE FOUNDATION FOR SOCIAL RESEARCH

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CHAPTER I

The Problem

GIANT corporations against giant labor unions, with the public in between!

Is this what we face from now on in America, as well as in other capitalistic nations? Must we continue to have the head-on clash of stubborn men, with evermore costly nation-wide strikes that cause untold loss to millions of innocent bystanders?

Or shall government set up machinery to dictate terms and stop this senseless strife? If so, can we be sure that one side or the other may not one day seize the government, or win an election, and establish its own dictatorship?

Mussolini marched to power in the midst of an economic and political paralysis brought on by a plague of strikes, plant seizures, unemployment and violence. Hitler had the support of many non-Nazis who were weary of the costly strife between the privileged unions and privileged cartels of German "Democracy." Could this happen here? Do we need new controls to prevent it?

Said Defense Secretary Lovett of the 1952 steel strike: "No enemy nation could have so crippled our production as has this work stoppage. No form of bombing could have taken out of production in one day 380 steel plants and kept them out nearly two months."

In that strike United States industry lost between 17 and 20 million tons of steel—as much as the mills of Great Britain can produce in a full year of operation. This was enough steel for 250,000 latest-type tanks, or for 9,000,000 automobiles, or for 3,500,000 6-room homes. The steel workers lost more than $350,000,000 in wages—an average of $625.00 per worker. Yet all of this was only a part of the cost of *one strike in just one year.*

And the cost of strikes is growing! In 1952 more man-days of work were lost in strikes than in any year since the all-time high of 1946 and, from 1944 to 1952, the man-days lost in strikes each year have been double the average strike losses of 1933-1940. Yet in 1933-1940 these losses were higher than for any previous 7-year period in American history. Even during the war, from December 8, 1941 to August 14, 1945, more than 36,000,000 man-days were lost through strikes.

Moreover, the loss of production in strikes is only a small part of the total cost of an insidious and far-reaching social evil that every little while comes to a head in the form of a strike.

The real menace

Strikes are like boils. They are painful signs of an evil that is undermining the foundations of the Republic. That evil is coercion. This means the use of physical violence, slander, libel and verbal abuse, so as to interfere with the efforts of other persons. It has become a form of special privilege which threatens the welfare of every wage earner, employee and citizen.

Many who know the extent of this evil propose to end it by new laws. But government itself is a coercive agency. Its laws have effect only as the police enforce

them. Therefore, as we expand government coercion to stop private coercion, we must take care that we do not merely replace one evil with another. Bigger government is not always better government.

Every government has laws providing heavy penalties for assault, intimidation, damage to property, and personal abuse of almost every sort. What more is needed? Should government take over the work that private violence now aims at accomplishing, such as preventing use of "scabs" in a strike? Would there be fewer strikes and better labor relations if government stopped all employer efforts to maintain an "open shop"?

These questions bring us to others that the wisest men throughout human history have tried to answer. What can force, or violence, accomplish in human relations, whether in war, revolution, private conflicts, or police action? Does a good aim justify any and every use of police force, or are there some good things force can do and other good things that it cannot accomplish, even when it is legally applied?

Few deny that peace is the ideal condition for human progress. Only in peace and freedom can human beings develop the good will and the talents that are necessary for cooperation. Violence begets violence. It causes anger, fear, hatred, and conflict that make cooperation impossible. It may cause fear that makes men submit to robbery and slavery. Then it stifles initiative in the victims and demoralizes the oppressors. Such coercion weakens the sense of responsibility and honor, making men untrustworthy and uncooperative.

Yet one may agree with all of this and still ask, But what is freedom? Is a man free when he may lose his job, with or without notice, just because business is slack or because the employer has found a machine to do the work?

What is freedom?

"A worker may be 'free' to work or starve but does this leave him any real choice? Is not the right to work the logical and natural way to secure the right to life for which governments are instituted among men?

"And if government does not fully protect the right to work, should not every worker defend this right as he would defend himself against an assault from a would-be robber?"

Thus a striker may argue for his moral right to use whatever force is necessary to keep a "scab" from taking a job that the striker regards as his own.

But the "scab" is a person too. What of his right to work? Does a striker have a right to a job that he refuses to work at?

The striker replies that the right he demands is not merely the right to work, but the right to fair wages for his work.

On the other hand, the "scab" who does not want to strike shows by his acts that he regards the wage as a living wage for him. At least he is willing to go on working for it.

Who is to say then whether or not it is a fair wage? The union? The employer? The government?

Then there are the rights of the employer. Does he have a right to a certain price and profit? Should government help enforce this right against competitors who cut prices or against "unreasonable" demands of a union?

Union sympathizers say that employers already have too much "bargaining power" through pooling of capital in huge corporations, and through many forms of business organizations. They say that wage earners must form much bigger and stronger unions to defend them against these employer-organizations and giant corporations.

Out of these conflicting views arises violence that at times comes close to civil war. To wage this war, ambitious men build disciplined armies that are too strong for state governments to control and that are now able to challenge the government of the United States.

Not only do these private forces have the power to paralyze the economy, but they foster thought patterns that are making revolutionary changes in government policies.

Let us illustrate the forms this violence takes.

CHAPTER II

When Violence Replaces Bargaining

THE iceberg tip that floats above the sea is but a tenth of the mass that is submerged. So the recorded violence in labor relations is a mere fraction of the total, and the following cases are only a few of the many that the newspapers of one city considered newsworthy in one year.

Clubbing

"Two men arrested in connection with the clubbing of a garment worker were released in $1000 bonds yesterday. . . .

"Both were booked on suspicion of assault with a deadly weapon after police said they had clubbed Don Mattingly, 41, . . . a cutter, in an upholstery shop . . . using a 2x4-inch timber as their weapon.

"Mattingly is an employee of Sir James, Inc. . . . , which has been the scene of periodic episodes of labor violence during the past year. He was taken to General Hospital with a possible skull fracture and internal injuries. . . .

"Early last year the company was the target for stench bombs on two occasions, a chemical bomb in another instance, and complaints were also made to police by workers regarding vandalism perpetrated at their homes." *(Los Angeles Times,* January 9, 1952.)

Terrorism, property damage

"The most destructive wave of terrorist stench-bombing and window-smashing in years swept through several sections of the city during the night, police reported yesterday.

"Included in the damage list were a women's blouse shop where two stench bombs were set off, blouses were ruined with dyes, an automobile window was smashed and two 7-foot plate glass windows were demolished . . . a motor lodge where a door was broken and a stench bomb was set off; a home where windows were smashed in the house and in the occupant's automobile; and a plugged oil fuel feed pipe to furnaces heating nine downtown buildings.

"In each of the sabotaged places organizing drives were being conducted by AFL union promoters, according to occupants." (*Los Angeles Times,* March 21, 1952.)

"The second stench-bombing in five days of a shop where the AFL International Ladies Garment Workers Union is conducting a drive was reported by police yesterday. . . .

"Feb. 28, a young woman employee . . . was treated at Georgia Street Receiving Hospital where stitches were required to close three cuts after she had been attacked as she went through the union picket line at this place of business." (*Los Angeles Times,* March 25, 1952.)

"Within the fortnight there has been a wave of bombing of business establishments which, perhaps by coincidence have all been resisting organization or otherwise involved in differences with AFL unions. . . .

"Last weekend a Van Nuys barber who refused to accede to AFL Barbers Union demands found his shop, which has been picketed, virtually demolished by an explosive bomb. Two motion picture theaters in downtown Los Angeles, in which the IATSE has been attempting to organize projectionists, were stench-bombed." (*Los Angeles Times,* April 1, 1952.)

Poison gas

"Three poison-gas bombs that caused women telephone operators to flee from a control room were touched off yesterday at the . . . exchange of the Associated Telephone Company.

"Police reported the bombs contained arsenic and sulphur in a combination used to kill rats in rodent-control drives. They

were touched off near open windows where 75 women operators were at work. . . .

"The act was the most violent sabotage reported by the company, against which there has been made a record of unbroken, day-to-day vandalism reputedly never before equaled in Southern California.

"Thousands of dollars worth of damage against the 80-community network of the system has occurred since June 1, the day the CIO Comunication Workers struck the company for higher wages. . . .

"Previous work of the hoodlums included the cutting of 26 major telephone cables, with consequent loss of service for more than 4,500 telephone subscribers." (*Los Angeles Times,* July 8, 1952.)

"Deputy sheriffs yesterday quelled a brief and small-sized riot that ensued when they attempted to carry out a Superior Court claim-and-delivery action to get property from behind a CIO United Steel Workers picket line. Six union members were arrested.

"The action was instituted by the Monolith Portland Cement Co. It had a truckload of machinery in the U. S. Steel Corp.'s Consolidated Western plant at Maywood for repair, which was completed when the union began its nationwide strike against the steel industry.

"Monolith agents said that the strike-bound machinery was needed to keep its 400-man (cement) plant at Monolith from shutting down or curtailing production.

"Under the court action, four deputy sheriffs went with a truck through the scant picket line at the steel concern's plant, Slauson and Eastern Aves.

"Fighting broke out between the pickets and several men on the truck and a riot call to the East Los Angeles and Firestone stations of the Sheriff's office and to Maywood police soon brought eight officers to the scene.

"Meanwhile the pickets sent for reinforcements and a large crowd was assembled at the place.

"The crowd waited nervously for the truck to emerge but after it was loaded under armed guards, it was driven through the picket mass with one carload of deputy sheriffs in front of it and another behind it. . . . A considerable number of men

in automobiles began following the convoyed truck but the officers set up a roadblock and the truck proceeded on its way." (*Los Angeles Times,* July 24, 1952.)

Lawless acts

"Superior Judge Frank G. Swain yesterday issued a court order restraining Lockheed AFL union strikers from mass picketing, violence, use of vile and abusive language and engaging in other 'lawless acts.' . . .

"The court was presented with affidavits. . . .

"A few hours before the court's action . . . 30 deputy sheriffs with helmets, night-sticks and side arms were dispatched to augment Burbank police in an effort to preserve order at the picketed plant.

"The emergency aid arrived after a night and early forenoon at the plants had rolled up a record of broken automobile windows, scratched cars, some individual fighting, and shoving and jostling when non-striking Lockheed employees went to their jobs through the picket line.

"Numerous times officers had to open up dense picket lines and escort workers through. They broke up a number of melees. No arrests were made. . . .

"One affidavit asserted that a woman in her car on her way to the nonstruck Lockheed Air Terminal was stopped by pickets and that a man slapped her on the face, knocking off her glasses and breaking them. Another woman told of being set upon and having her clothing torn. Two other women reported being tripped. Another's purse was torn in a struggle.

"Two men reported clothing torn off them. Another suffered cuts on the face and was hospitalized. One reported having been knocked down, kicked in the mouth and dragged over pavement, which caused burns. Still another reported being pummeled below the belt." (*Los Angeles Times,* Sept. 11, 1952.)

Racketeering

Sworn testimony before the New York State Crime Commission in 1952-53 revealed a picture of the despotism and near-slavery which union violence established on the New York waterfront.

Needless to say, anyone who wanted a job on the New York docks had to join the union, and there were plenty of applicants because the pay looked good, $2.27 an hour.

However, the worker soon found that he had no regular job, but instead had to stand in line each day while the union dock bosses chose their gangs. In a good week, a worker might get nearly $30 in pay for only 13 hours of work. But out of that, he had to pay $5 or $10 as a bribe to the hiring boss to be sure that he would be chosen in a later line-up. And the government, of course, also took its own cut out of the $30.

Sometimes the worker had to make his kickback to the union bosses in other ways. For example, on one pier he had to agree to have all of his haircuts at a particular shop and pay for them in advance. But if he innocently went to get the service he paid for, he soon discovered that he would be wise to get his barbering done elsewhere.

Under this system, the operator of a shipping line took the dock bosses and the watchmen which the union assigned to him. Some of these men were ex-convicts with long criminal records, and the bosses hired other ex-convicts. Whether for this reason or not, stealing on the docks was a continuous, wholesale business.

If an operator tried to fire a watchman or dock boss, the union warned him it would call a strike. He might then find his dock boss hiring thugs and gunmen who did nothing but loaf and draw their wages. If he asked about it, the union officers told him these hoodlums were protecting him against thefts. But the thefts went on unchecked.

The operator who tried to fight back was likely to get a call from a city politician advising him to do what the union suggested and keep out of trouble. If he went ahead anyway, and a strike resulted, he might try to hire

nonunion workers, for there were plenty of able-bodied men who would like to get $2.27 an hour if they could keep their health and the money too. But when the union pickets moved in to deal with a venturesome "scab," the police had urgent business elsewhere. Knowing this, operators seldom defied the unions, so that casual observers saw little evidence of violence on the New York waterfront.

In the hearings before this Crime Commission, the president of the union admitted that he personally had taken some $241,000 out of his union in the past five years, less than half of it in salary. And he reluctantly admitted that in 1948 he threatened to pull a dockers' strike in order to halt an investigation of waterfont murder.

Intimidation

Often, what looks like peace is really surrender to coercion or to threats of violence.. Here is an example that occurred during the steel strike of 1952.

"Like a living thing, that can't stop breathing lest it dies, a steel plant can never be completely shut down. The penalty would be weeks of costly repairing of furnaces.

"While pickets play ball outside, 750 management men are at work inside U. S. Steel Corp.'s big Gary works trying to keep the facilities in good condition for a speedy resumption of production when Phil Murray sends his striking union men back to their jobs. . . .

"Some little luxuries are brought in by the men, who can go home when their shifts are done, now that the union local has agreed to pass the supervisors through the picket lines. . . .

"And at Inland Steel's East Chicago plant, the management people on duty live inside the gates, eating, sleeping, working, seeing their wives and children only at a distance when the pickets will permit it." (*Wall Street Journal,* Pacific Coast Edition, June 25, 1952.)

Slander may cause injury

Insults, slander and libel are also forms of coercion, and are recognized as such in law. Yet they are so common in labor disputes that the press seldom reports them, and many persons fail to realize that they are highly effective forms of intimidation and injury. In the first place, verbal abuse arouses fear of violence because it often precedes or goes with physical assaults. Second, such abuse causes loss and injury by destroying the trust and good will which are necessary for cooperation. For example, misrepresentation of an employer's wage policies may create a false sense of grievance among his employees. Slander of an employee may restrict his opportunity for employment or cause him to lose the job he already holds. Slander of a producer or of his products may destroy his customers' trust and good will.

In these and many other ways, verbal abuse may cause loss and reduce opportunity. It is a form of coercion that may be as effective as physical violence in restricting personal freedom.

Coercion is widespread

Slander, intimidation and violence in "labor disputes" are so common that only the more flagrant cases make good newspaper copy. This is, and has been, true of other industrial nations as well as the United States. In prewar Germany and Italy these various forms of coercion led to revolution and dictatorship. They keep France divided and weak, constantly on the verge of economic and political collapse. In the British Commonwealth the coercion mainly takes the form of slander, libel and intimidation. It seldom flares into open violence because few persons now have the ability or the will to resist or fight back.

The United States is therefore following a well-worn path, the path of growing class warfare, increasing intimidation and misrepresentation. Must our government agencies and private citizens follow the same policies or lack of policy that led other peoples into the dead-end of economic stagnation and decline or into the morass of inflation and revolution?

No one can be sure that he knows what *must* happen or what *will* happen. But everyone who cares about the future—his own future and the future welfare of others —wants to know what *may* happen. He wants also to know what government and private persons may do to find a better way than other peoples have taken. Therefore, he should look for the causes of coercion in "labor disputes," he should try to trace the effects of it, and he should weigh the merits of various proposed remedies. The following pages present the results of my own efforts along these lines.

CHAPTER III

Why Violence In Strikes?

"I NEVER knew a strike to succeed without violence or threat of violence." That was the way a world-famous economist at Harvard, years ago, challenged his class of graduate students, of whom I was one.

He continued: "Newspaper stories of strikes often make no mention of violence, and union officials usually claim their members are not responsible for any violence that occurs. But I never knew of a case in which strikers won their demands without use or threat of violence in one or more of the following ways: to force workers to join the union beforehand, to force them out on strike or to keep them on strike, to keep the employer from hiring strikebreakers, or to scare off his customers."

This idea that the success of a strike depends on violence startled and antagonized me. I could not believe it, for I was an ardent admirer of "labor leaders," and my sympathies were all on the side of unions and strikers, everywhere and always. True, there had been violence in the strikes that I knew about first-hand, even in the unsuccessful strikes. I knew also how hard it is to get enough workers signed up to close down a plant by a strike, and I knew that it is even harder to hold them in line as the strike drags on. But always I had blamed the employer for the violence and angry threats that I saw in strikes and other union activity. I could not believe that unions

must resort regularly to such tactics in order to organize and win a strike.

Coercion takes many forms

Yet, as one watches closely in strike after strike, it is difficult to avoid the conclusion that the professor was mainly right: Successful strikes always, or nearly always, do involve some form of violence and intimidation by union organizers, pickets, sit-downers, saboteurs, goon squads, or the police. Rarely if ever can a union shut down a plant, much less keep it shut down for the time usually necessary to win a strike, without considerable pressure in the form of threats and actual physical annoyance, abuse and assault—unless a government agency steps in to bring about the same results by forcing the employer to yield to the union demands. Says Professor Charles E. Lindblom:

> Violence on the picket line is testimony to the degree to which intimidation and physical force have had to supplement peaceful persuasion in turning away potential strike-breakers. Violence or the threat of it is not merely a sympton of frayed nerves or of personal animosity. It may be that incidentally; but fundamentally it is quite deliberate. (*Unions and Capitalism,* p. 113-114.)

According to Professor Lindblom, this union coercion is so widespread and deep-rooted that it must destroy the free-market economy, or capitalism, and usher in some form of syndicalism, socialism or "planned economy."

Often the coercion takes such subtle forms that outsiders may fail altogether to see it for what it is. A squirt of oil on a worker's clothes, jogging his arm as he works on a dangerous or difficult task, a tool dropped on his foot, a stink bomb rolled under the seats of a theater, insults and threatening telephone calls—these and numberless

annoyances like them, are far more common and harder to deal with than the outright assaults, dynamiting or rifle-fire that get into the newspapers in particularly stubborn cases.

Yet surely, one may say, some employers are so mean and unfair that their employees are eager to organize, eager to strike and glad to stay on strike until their just grievances are remedied! And if they publicize the injustices and bad working conditions, in peaceful picketing, can they not persuade most other job-seekers to join them in keeping the plant closed?

These are the conditions which many persons suppose lead to strikes. It is the picture which strikers and strike leaders like to present as justifications for their acts. It is the way many historians explain the rise of militant national unions in the past 100 years; and if one uses present-day wages and working conditions as his standard, he may argue that worker desperation in the past must have given rise to the militant unionism of today.

Wage earners are choosey

This view fails to take into account, however, a fact of basic importance for any understanding of labor relations. This fact is that *no person takes any job in private industry unless he feels it is the best job he can get for the time being and all things considered.* And when a worker really believes that he can do better elsewhere, he leaves to take the better job without waiting for others to join him in any mass movement. In fact, when a person hears about a better job, he is likely to apply for it without trying to get others to join him lest their competition reduce his own chances for advancement.

In the United States, since World War II, the number of persons thus exercising their right to quit a job has

amounted to twenty to forty per cent per annum for manufacturing industries as a whole. For some companies and industries the figures are higher or lower: twenty to forty per cent is the range of fluctuations of the average for all industries taken together. Before the War, the range of fluctuation was usually twenty to thirty per cent, except in years of severe unemployment, such as 1931-32 and 1938-39. These are the "voluntary quits." They do not include layoffs or dismissals. (In most years, layoffs and dismissals together amount to somewhat less than total quits.)

This means that American workers voluntarily quit their jobs at the rate of several hundred thousand each month. Most of these expect to get better jobs elsewhere, that is, jobs that offer better wages, hours or other conditions.

Young persons entering the labor market also help to keep it fluid. Every employer must attract and hold some of these young people or find his business dying of old age, and these new job-seekers are notoriously choosey in their job attitudes.

Employers are keenly aware of this choosiness of job-seekers in private enterprise. They know that they are competing with other employers and with opportunities for self-employment, in their own lines and in other lines as well. They know that individuals are sensitive to differences in treatment and that they quickly resent what they believe to be unfair treatment.

Every employer, therefore, knows that he must give his employees as good wages and as good treatment, all things considered, as other employers are offering for that particular kind of work if he wants to stay in business. He must strive to attract and keep good workers just as he strives to attract and hold good customers. If

he fails to do this, his "rate of turnover" goes up, output falls off, and his costs rise.*

If he lets this go on, he must eventually close up shop. This comes about, not through a strike, or general exodus, but as employees individually, in twos or threes, or in dozens at a time, leave to take jobs elsewhere.

As a result of this shifting and changing, most workers of every grade and occupation get into jobs in which they are relatively well satisfied. They are where they are because they really believe or feel—whatever they may say—that they are doing as well as they could in any other jobs now open to them.

Not that they necessarily "love their work." Not that they want nothing better or hope for nothing better. But they do like what they have better than any other job they know about.

Consequently, for the time being, *they don't want to quit or leave the job they now hold.*

Strikers want to keep their jobs

For this reason a strike is not at all a case of many employees suddenly and at the same time deciding to quit their jobs. For strikers don't quit their jobs. They have no intention of doing so. They quit working, but they want to keep their jobs and return to them after the strike. They quit work, but not in order to look for other

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*This is less true insofar as government abolishes or restricts the free market, as for example by government contracts which limit the employer's opportunity for profits and reduce his incentive to cut costs. In that case the employer may shift high costs of labor turnover to the taxpayer. For this reason the cost-plus contract causes a serious degeneration in personnel policy as well as in every other phase of business policy.

Militant unionism also restricts employer competition for labor, and when employers make deals with union bosses they may get workers for less than they would have to pay in a free labor market. Of course, such labor pawns are worth less than free labor would be.

jobs. They quit work only to cause sufficient loss to the employer that he may give them more than they think they could get by quitting individually and looking for other jobs.

Since they want their jobs back, they try to keep other workers from taking those jobs during the strike. Since they want to cause loss to the employer, they must close down his operations as completely as possible. These are the aims of picketing.

The "right to strike," therefore, is quite different from the right to quit work. The right to strike is the right to hold a job without working at it. It is the right, not only to quit working, but to keep others from working in one's place.

This is why a successful strike generally depends on use of a certain amount of coercion.

First, if free to do so, some workers would stay on the job. They would rather work than strike because they think their jobs are the best they can get, all things considered, and they don't want to endanger those jobs in a strike or even risk the ill will of the employer. In other words, some employees are round pegs in round holes, and they want to stay there.

Second, if free to do so, many strikers would soon go back to work because they need their wages or don't want to dip into their savings.

Third, if free to do so, new workers would usually come in, attracted from poorer-paying jobs elsewhere. Few strikes occur in companies or occupations that are paying bottom wages or offering the worst working conditions for all jobs and all grades of employees.

For these reasons a successful strike without coercion is like a two-headed cow. One can't say it never happened. One hears of strikes that begin peacefully, just as one hears or reads now and then of a two-headed calf. But

the rule is that a calf or cow has one head, and that a strike is won only by some use of violence and intimidation to close down a business and *keep it closed.*

When peace is an illusion

Again and again government and private investigations have brought to light the violence and bullying commonly used to organize and maintain the militant unionism that uses the strike weapon. Newspapers report instances almost daily. Many volumes of reports and analysis are available on the subject.

Yet many persons are still unaware of it for two reasons: First, the mere threat of violence is often so overwhelming that no worker dares stand out against it and employers do not even try to keep their plants going once the strike has begun. In fact, employers sometimes close down their plants before the deadline for the strike because they know from experience the danger of sabotage to machinery by departing gangs of strikers. In such cases there may be so little actual violence—so few overt acts—that unobservant persons think the strike is entirely peaceful. Actually such strikes are peaceful only the way a robbery is peaceful when the victims do not resist. The 1952 steel strike, for example, did not occasion much bloodshed, yet union pickets were able to impose a state of siege on supervisory employees who stayed in certain plants to keep fires going and save the brick linings of the blast furnaces. For days these men were prisoners, in grave danger if they tried to leave and in still greater danger if they later tried to come back. The threat of violence was so great as to deter all attempts to pass the picket lines.

Second, strikes often appear peaceful because the police act as agents or backers of the pickets. In the name of

keeping order, the police may bar all attempts of non-union workers to pass through the picket line. In this case it is the police who apply the violence or intimidation which the picket line would otherwise exert to keep the plant closed. They may excuse their action on the ground that they lack sufficient force to keep the peace in any other way. But this is an excuse, not a justification. For such action means a breakdown of government, since the police profess themselves unable to perform their duty.

The duty of the police is to protect all citizens against violence and intimidation. When they perform this duty, however, strike sympathizers often accuse them of strike-breaking.

Similarly, when an employer exercises his right to defend his person and property and hires guards to protect his property, strike sympathizers charge him with using violence to break the strike.

Therefore, let us consider for a moment what government is for and how initiating violence to interfere with peaceful effort differs from a defensive use of violence to stop such aggression.

CHAPTER IV

The Right and Duty of Self-Defense

THE first duty of government is to keep the peace. This means stopping violence which one or more citizens may initiate against the persons or property of others. It means establishing freedom.

For persons have freedom only as they are free of physical interference or threat of such interference, as they work and play, travel and trade, bargain, exchange services and cooperate. This includes freedom from violence when they withhold their services from those who do not offer enough in return. It does not include the right to threaten or coerce others who consider the offers satisfactory.

In this freedom from coercion there is private property. For the "institution of private property" means only that individuals are free of coercion as they use, trade or give away what goods they produce and what goods they obtain through voluntary cooperation and agreement with other persons or through (voluntary) gifts from one another. In the absence of coercion, individuals may grant the use of such goods (e.g., land, machinery or buildings) on such terms as they may choose to offer and as other persons choose to accept. (Of course, this implies that the goods are not used for violence or

fraud against other persons.) When free of coercion, owners may likewise withhold use of their property from persons who refuse to accept their terms just as individuals may refuse to give their services on the terms offered.

When persons are thus free from coercion as they work and trade, save and invest, many of them accumulate wealth. Some accumulate much, others little or nothing. This wealth consists of goods for the personal use of the owners, their families and their friends. It also includes goods which the owners use in production or which they loan or rent to other persons. In either case, individuals may exercise property rights and accumulate property only to the extent that they are free from coercion.

Those who seek to coerce property owners often argue that "human rights should come before property rights." But property rights *are* human rights. They are the rights of human beings to use, loan, exchange or give away what they produce and what they obtain by trade, gift or other forms of voluntary cooperation. Such rights are necessary for persons to carry out their aims and satisfy their needs. Interference with use of property is interference with *persons* as they try to achieve their purposes. The striker who uses force to hinder nonstrikers from going to work, or who destroys an employer's property, thereby restricts human freedom and human rights to use and enjoy wealth. He restricts not only the freedom of the property owner but the freedom of nonstrikers in selling their services and the freedom of consumers who might benefit from the cooperation of nonstrikers with the employer.

Moreover, the aim of coercive unionism is seldom to defend or establish a non-property right, such as the right to be free from personal assault. Instead, the aim is usually that of forcing a redistribution of wealth or

income. This is a *violation* of property rights, not a *redistribution.*

It is true that certain employers or their agents sometimes initiate violence against union organizers or against employees who try to organize a union. Such employer violence is rare, but it is an indefensible infringement of freedom when it occurs. However, the excuse that union violence is merely or mainly retaliation for employer violence gets little support from the few cases of personal assaults by employers on union officials or employees. It springs more often from the socialist view that all property rights are a form of violence, or from the view that large capitals are the result and cause of monopoly.

The socialist view of property

The socialist argues that private property is a form of theft or the result of theft. He says that capitalists, or employers, get funds to build factories and buy machinery by underpaying their employees and by cheating their customers, thus virtually stealing the capital from wage earners and consumers. In other words, profits are unearned income, and capital gained by reinvesting profits is stolen wealth.

In this socialist view, the police and courts are guilty of aggression (violence) against the real owners—the wage earners and consumers—when they defend the employer's property rights. Similarly, an employer who fires a worker and puts him off his property is a coercionist like the robber who breaks into a house and drives out the real owners. In this view, therefore, strikers who use violence against "scabs" are merely defending their rights to their jobs, that is, their rights to use the machinery and buildings on terms set by the real owners (themselves).

These socialist views play a large part in the thinking of many unionists and union sympathizers. However, they are so obviously contrary to fact that they would make little headway were it not for the coercion that government agents and union organizers use to get funds and audiences for propagating them. The accumulations of private capital in America, apart from certain government-fostered war industries, came mainly from reinvestment of profits earned in the same way as the skillful carpenter or the popular entertainer earns higher wages or fees, that is, by giving consumers more satisfaction at less cost. Most of the great firms and great fortunes, moreover, began small; and they hold their place as they achieved it, not by monopoly privileges but by continuing service. When the large capitals cease to give service, or when other producers offer more for less, the "monopoly" of the large-scale producer is soon revealed for what it really is—an illusion.

Private enterprise is competitive

Even a public utility company, with a franchise and a dominant position in its field, must compete vigorously; and this competition keeps it under pressure to give more service at less cost, as well as to keep up its wage rates and dividends. An electrical utility, for example, must compete against all other methods of producing light, heat and power, such as gas, oil and coal. It has to compete with private power plants by which large users can, and often do, produce their own electricity. But that is not all. It must compete also with every seller of every other commodity and service, for sellers of these other things give consumers that many more reasons for economizing in use of electricity so as to have more money to spend on these other goods. Likewise in

its purchases the public utility company must compete with every other employer of labor and every other buyer of materials, machinery and land.

Some persons contend that the owner of a patent has a monopoly, with power to extort money from other people. Ask an inventor or the owner of a patent about that! The truth is that the producer of a patented article must compete with all other producers in what he buys and sells. He can get workers to work for him only if he gives them what they consider to be better jobs than they can get anywhere else, all things considered. Then he must convince buyers that they can get more for their money by spending it for his products than by spending it for other things.

In short, no private businessman has the kind of monopoly that enables him to set prices, wages, rents, dividends or interest rates without regard to what other businesses and individuals are charging and paying. Much less can he force anyone to buy his goods, lend him money, or give him service. Even the many "nonprofit" organizations add to the pressures of competition. And when producers are free to keep and reinvest their earnings, the pressure of competition constantly grows in every line as new businesses arise and old businesses progress and expand.

The profitmakers who build our large-scale industries and big businesses, therefore, had to pay at least as high wages as those competitors who made no profits. They had to bid against other producers for materials, land and tools. They had to pay as high interest rates for borrowed money. They sold their products and services in competition with all other producers, many of whom had been longer established. The notion that their profits and capital came in any significant proportion from extortion or fraud is sheer socialist myth. It has no bet-

ter basis in fact than a notion that wages in general are unearned because some workers cheat their employers.

Where markets are not free because of legal or illegal restraints on trade, communication, investment and work, or because of government subsidies, the remedy is to abolish these restraints and subsidies, not to impose new restraints through union coercion. The new restraint further reduces efficiency and output. It is an effort to get a larger share of a reduced total, and efforts of this sort defeat one another. When coal miners restrict competition and output, for example, they raise costs of coal for steel producers. This defeats efforts of steel workers to get higher wages by restricting competition and output in steel production. And all of such restrictions reduce the buying power of wages for all workers.

In years past, American business was among the most competitive and enterprising in the world, not because of the anti-trust laws, but because of the abundant flow of new capital into every line of trade and industry. This abundant flow of new capital was possible because tax rates were low and because there were comparatively few restrictions on starting a new business other than the laws against fraud, violence or breach of contract. Men with new ideas found it comparatively easy to get capital to try out their ideas. Many of these ideas were foolish, and the investors in them lost their capital. But some of the new products and methods were superior to the old, and those who backed them had to outbid established firms in competition for labor, land, tools, materials and markets.

Therefore, because owners were free to earn and to reinvest their profits, the output of goods increased, wages rose, incomes of farmers and miners increased, and consumers benefited.

Since 1914, however, government has more and more

restricted private enterprise and competition by war controls, mounting taxes, seizures of industries, currency manipulations, tariffs, government ownership, and many measures to control prices and wage rates.

Among the most important of these restrictions were various measures for restricting freedom and competition in the labor market. In effect, these measures gave government sanction and police backing for the militant unionism. How this came about and what we may now do about them will be the subject of later chapters. Meanwhile let us consider some of the effects of coercion in labor relations and whether coercive unionism has brought wage earners the benefits its leaders promise.

CHAPTER V

Coercion Subverts Cooperation

THERE are four ways by which persons may try to get money, goods or services from others. Two of these are coercive, two are not.

One way is by forcible seizure or by threat of physical violence for failure to comply with demands for the things desired. That is the way of compulsion. A second way is that of deceit, fraud or stealth. This is like the first in that it takes goods from unwilling victims. It is a form of coercion because the transfer is against the will, or intent, of the one who makes the payment.

In contrast with these are the ways of a voluntary society, or cooperation. These noncoercive ways are of two sorts. First, a person may get help by pointing out a need and appealing for a voluntary gift. A second and far more effective way is to offer a reward in the form of money, goods or return services.

Clearly, the essence of bargaining is to offer a reward or inducement. It aims to get a voluntary payment or service. It contrasts with attempts to get goods or services by force or fraud, as in a holdup, slavery, forgery, stealing, blackmailing or cheating. There is no true bargaining in the demands of a bandit or the lies of a cheat.

The loss from rejecting an offer of a voluntary bargain is only failure to get the reward offered by the other

party. There is no threat of reprisal or injury against the one who rejects the offer, either to him or his property, to his family, friends or those who do business with him. When such threats are made, the effort is to dictate, or coerce, not to bargain.

Successful bargainers must offer what other persons want. They must appeal to the needs, desires and interests of others. They must take account of likes and dislikes. Therefore, true bargaining promotes voluntary cooperation based on common interests, good will and trust. These common interests and agreeable attitudes give rise to loyalties that are often strong and deep. These loyalties act as labor-saving devices to reduce the time and effort needed to agree on the terms of cooperation. That is, they reduce the amount of haggling and leave more time for actual service. Thus cooperation develops habits of thought and feeling which reduce costs and increase the gains from cooperation.

The results of coercion, fraud and dictation are very different.

Coercion destroys cooperation

Coercion promotes hostility, fear and misunderstanding that destroy cooperation. The coercionist wants and expects his victims to yield him his demands. But this is the least desirable course for the victims for three reasons:

- *First,* it means giving up something which the coercionist demands and which the victims want to keep.
- *Second,* surrender is likely to result in further demands and still greater loss in the future.
- *Third,* surrender to coercion runs counter to deep-

seated instincts of self-preservation, including need for social prestige, or "face."

For these reasons the victims are willing to accept losses even greater than the concessions demanded by the coercionist—if they see a way to resist or escape rather than submit. They will pay a premium for the satisfaction of fighting back or evading the coercion. In extreme cases they will accept ruin or death rather than submit.

Moreover, when human beings do yield to coercion, the desire to fight or escape continues to impede cooperation. Their ingenuity turns to plans for retaliation or future evasion rather than to ways of improving their service to the coercionist. Even if resistance or escape seems hopeless, the victims become apathetic and listless rather than actively cooperative.

And what are the effects on those who initiate the coercion? To begin with, the coercionist must feel injured, or aggrieved. Next he must convince himself that his victims are unreasonable, otherwise they would not drive him to use force or threat of force to get his way. In other words, he must nurture his anger at real or fancied injustices, and he must cherish his scorn for the blindness or stupidity of those he holds responsible. In order to persist in his coercion, he must regard all resistance or attempts at evasion as new grievances justifying him in new acts of injury and intimidation.

Meanwhile, the fear of failure, to which any conflict gives rise, turns anger into hatred, so that the aim more and more becomes one of destroying opposition rather than achieving justice or higher levels of living. Then the coercionist comes to prefer destruction to cooperation. In personality, mind and character he grows more unfit for cooperation.

Therefore, forced labor or a forced redistribution of

the products of industry does not merely take from some persons and give to others. It reduces cooperation and reduces the total sum to be divided.

How coercion fosters falsehoods

Anger, fear and hatred blind man to the gains he might obtain from cooperation. Therefore, those who use coercion to get what they want from other persons develop an increasingly false view of man and society. They understand neither their fellows nor themselves. Not knowing the truth, they cannot tell the truth to others. They seek to justify their coercive policies by exaggeration or invention of grievances, and their faith in coercive methods leads them to try to force others to hear these falsehoods. Thus coercion nurtures the wrong ideas that give rise to further coercion.

For example, persons who use coercion to get higher wages spread ideas that arouse distrust of employers. They teach that the employer generally cheats his employees when he can, withholding from them as profits what he should pay them in wages. They tell the workers in industry "A" that their wages are lower than in industry "B" and they tell the workers in industry "B" that their wages are below those of industry "A." They argue that employers pay fair wages and improve working conditions only as unions and governments force them to do so. They concoct false theories of prosperity to make citizens believe that forcing employers to raise wages always promotes the general welfare and prosperity. They invent tales of the past to disparage free markets and to glorify coercion, as, for example, the myth that "laissez faire," or too much freedom, was the cause of low wages, unemployment, child labor and various other evils a century or more ago at the time of the so-called "industrial revolution."

These errors and myths give rise to class consciousness —loyalty to the supposedly exploited "working class" and distrust of the "employer class." This class feeling fosters the false belief that any wage increase or cut in hours for workers in one line, whether earned or not, benefits the workers in all lines, and that every rise in profits is an unearned levy on wages.

Militant unions force members to subscribe to journals that teach these anti-capitalist ideas. They force members to go to union meetings and listen to speakers who denounce employers and management, both in general and in particular.

As their organizations grow, officials of militant unions discipline members who speak out against the union line. This discipline may take any form from fines or a physical beating to expulsion from the union and the industry. Some coercive unions have suspended or expelled members who merely asked for an accounting of union funds or who proposed candidates in opposition to the official candidates. And as they suppress criticism and opposition they feel still less need to tell the truth or to consider the rights, opinions and interests of others.

Thus union coercion builds what the Lieutenant Governor of New York recently referred to as an "invisible government," with its own laws and its own enforcement agencies. It even requires its subjects to pledge allegiance, and it inflicts fines and other punishments on those who fail to obey orders. (See p. 73n.)

Does the end justify the means?

Many persons excuse this coercive unionism because they believe it is necessary in order to raise wages and improve working conditions. Like the unionists they believe that competition in free markets is too one-sided,

that the individual wage earner's bargaining ability is too slight, to assure justice. Therefore, they excuse violence, threats or verbal abuse to force a few "selfish" workers to join a union or to keep employers from using "scabs" in a strike.

They may prefer that government make the coercion legal by using its own police powers to impose the union shop or to prohibit the employer from replacing strikers; but some form of coercion, they believe, is necessary in order to force employers to pay wage earners what is due them and to force some unenlightened workers to join in the coercion.

Those who excuse such use of coercion are proposing, not collective *bargaining,* but collective *dictation,* and they fail to see how violence harms those who resort to it. A man who initiates violence against others suffers actual physiological and mental injury even while he plans it, and the final results may be more harmful for the aggressor than for his victim.

But what proof is there that militant unions are necessary or useful in raising wages?

CHAPTER VI

Is Union Coercion Necessary To Raise Wages?

WHETHER labor unions in general or particular have helped to raise wages and improve working conditions is not the question here. Certainly some unions, I am convinced, have helped wage earners, employers, and the public generally. Only in the worst cases of union racketeering is it likely that a union is wholly hurtful, and probably the best unions are not wholly helpful. However, to the extent that trade unions or any other organizations rely on peaceful persuasion and voluntary agreement, they must take account of mutual interests, promote some degree of cooperation, and benefit their members (as well as other persons) — or else they are not likely to remain long in business.

The question, therefore, is not whether unions are necessary or helpful, but whether union *coercion* is necessary or helpful. Can wage earners get fair treatment in free markets, where individuals and voluntary groups of individuals agree upon the terms of employment without resort to intimidation or violence? Or, can workers get better treatment and make more rapid progress if unions exert some compulsion through injury or threat of injury to workers and employers who would otherwise agree upon "sub-standard" terms?

Unfortunately, in seeking the answer to these questions, we find the effects of union coercion mingled with

the effects of other factors affecting wages and economic progress. In fact, there is no way to isolate definitely or precisely the effects of coercive unionism from the effects of voluntary unionism. We cannot measure the comparative amounts of coercion or persuasion which organizers use to form any union, and we cannot measure the effect of coercion on any particular wage agreement, let alone the effects of coercion on wage levels in general.

All that I shall attempt at this point, therefore, is to consider whether it is true that wages rise and working conditions improve only when the more militant, "outside" unions grow in membership, and whether wages fall and working conditions get worse as unions lose members.

The results of such a study do not prove that unions in general are helpful or hurtful. Perhaps at most they cast doubt on the theory that union control of the labor markets is necessary to get rising wages and improving conditions of work.

Wages rise in free markets

Many studies of economic conditions in the United States show rising wages and declining hours per week in most years from 1790 on. On the other hand, trade unions showed no such steady growth, and the periods of rapid growth in unionism were not especially noted for gains in wages or working conditions.

Before 1875 unions were insignificant in numbers and influence in this country. Yet wages rose and hours per week declined, decade by decade, from the beginning of the Republic.

From 1875 to 1885 there was some growth of unionism, but the rise in wages was not more rapid than before.

From 1885 to 1893 there was a decline in unionism, yet real wages continued to rise and hours declined.

From 1897 to 1904, and again from 1917 to 1920, trade unions grew in numbers and importance without any obvious effect on wage levels, hours or working conditions, which remained relatively stable in those years. From 1900 to 1914 wages for common unskilled labor and for some skilled trades were held down by the influx from Europe of millions of workers who had to crowd into lines requiring little knowledge of English, but wages continued to rise in other lines.

During the 1920's membership in the militant national unions fell rapidly from 12% of the gainfully employed in 1920 to 7% in 1930. Yet wages rose and the average length of the workweek declined as rapidly as in any previous decade of American history. And, contrary to the myth of "technological unemployment" that later gained credence, the percentage of unemployment was low during most of the 1920's. There was high unemployment in 1921 and moderate unemployment for a few months in 1924 and 1927. But there was nothing like the chronic, mass unemployment of 1933-41 when militant unionism had its most rapid rise.

During World War II, as in World War I, union membership and wages rose together, but few persons will contend that unionism was necessary to bring about wage increases in that period of inflation and overfull employment. On the contrary, there is considerable evidence that unionism *retards* wage increases in periods of strong inflationary pressure.*

Unions do not raise labor's share

A study by Professor Willford I. King, noted expert in

*See Walter A. Morton, "Trade Unionism, Full Employment and Inflation," *American Economic Review,* March 1950, and Albert Rees, "Wage Levels Under Conditions of Long-run Full Employment," *American Economic Review,* May 1953.

statistics of income, shows that the share of employees in the product of industry was as large during the 1920's as in the period 1936. Yet in the 1920's the proportion of wage earners in unions was declining from 25% in 1921 to 9% in 1929-30, whereas during the period 1936-46, the proportion in unions ranged from 12-30%. In other words, the share of labor in the product of industry was at least as great when the unions were weak as when they were strong.

These facts appear in the following charts taken from *What Raises Wages?* by Professor King (Committee for Constitutional Government, New York, 1946).

CHART I

THE WAGE-SALARY SHARE IN NET NEW SPENDING POWER
compared with
THE PERCENTAGE OF ALL EMPLOYEES UNIONIZED

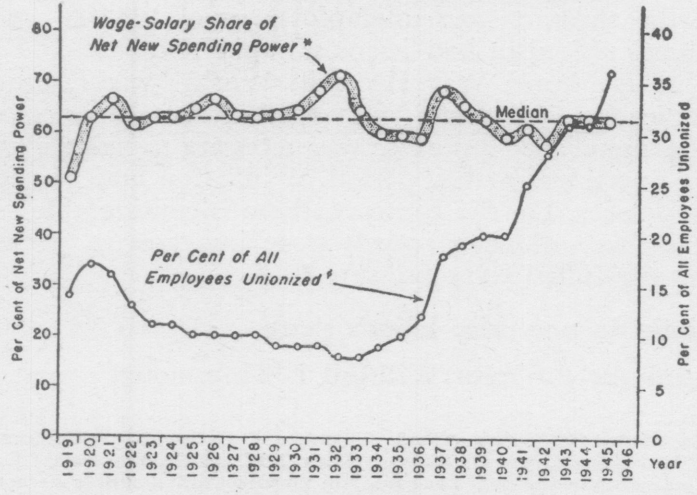
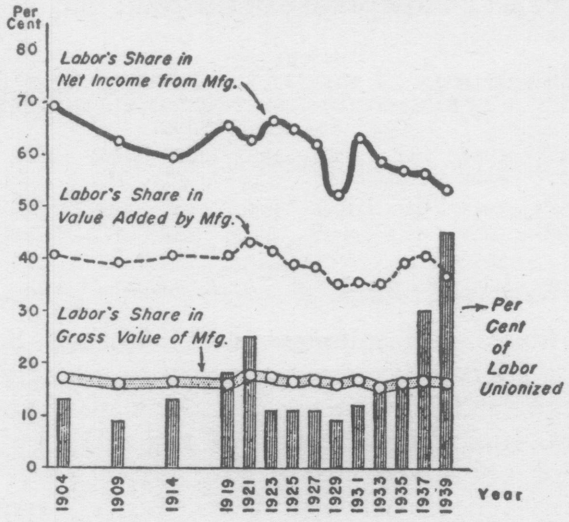


CHART II

PERCENT OF FACTORY WORKERS UNIONIZED
compared with
THE PERCENTAGE OF MANUFACTURING INCOME PAID OUT AS WAGES*



The following table, from studies of the National Bureau of Economic Research, also shows that the share

TABLE I
WAGES AND SALARIES* AS PER CENT OF NATIONAL INCOME
United States, 1919-1935

Year:	1919	1920	1921	1922	1923	1924	1925	1926	1927
Percent:	67.5	68.2	66.5	67.4	68.6	68.0	68.1	69.2	68.9
Year:	1928	1929	1930	1931	1932	1933	1934	1935	
Percent:	68.8	69.2	68.4	68.6	68.1	67.7	68.3	68.9	

SOURCE: Simon Kuznets, *National Income and Capital Formation, 1919-1935*, National Bureau of Economic Research (New York, 1937), p. 25.

* Not including compensation for injuries, relief and pensions, which is paid mainly by government, not by employers.

of wages and salaries in the total of all incomes in the U. S. remained remarkably constant from 1919-35 regardless of changes in union strength or activity.

The following table, from Department of Commerce figures, likewise fails to show that the rapid growth of unionism, 1933-1951, enabled employees in private industry to exact a larger share of the total national income.

TABLE II
WAGES AND SALARIES OF EMPLOYEES IN PRIVATE EMPLOYMENT AS A PERCENT OF THE NATIONAL INCOME
United States, 1933-1951

Year:	1933	1934	1935	1936	1937	1938	1939	1940	1941	
Percent:	59.8	56.4	52.8	52.3	52.2	51.3	51.7	50.6	49.6	
Year:	1942	1943	1944	1945	1946	1947	1948	1949	1950	1951
Percent:	48.0	46.4	45.4	44.9	50.2	52.7	51.8	52.2	51.3	50.7

SOURCE: U. S. Department of Commerce, published by The National Industrial Conference Board, *The Economic Almanac, 1953,* p. 493.

Total wages and salaries in the United States now make up a slightly higher share of total national income than in the 1920's when we add the pay of government employees, including the pay of the military forces, to the pay of employees in private enterprise. This was particularly true in the war years. But government employees get their pay from taxes and from currency inflation, whereas unions operate in private industry; and in this private sector of the nation's business we do not find that unions have raised the share of private employees in the total output. This seems to be the meaning of the above table (II) taken from Department of Commerce figures.

When we compare wages and working conditions in other countries it is equally difficult to make out a case for unionism. Until the 1930's the United States lagged well behind other countries in unionism, but it was far in the lead in wages and working conditions. Before 1935 wage earners in several other countries were far

more highly organized than here, but their wages and working conditions were far inferior.

Similarly, as between other industrial countries, like Britain, France and Germany, one cannot find any relation between comparative wage levels and extent of unionism.

Wages are higher in some countries than in others because of more invested capital per worker and more efficient management, not because of more unionism or more militant unionism. When total national output and incomes rise, total wages and salaries rise regardless of union activity. When total output and income fall, total wages and salaries fall regardless of union action.

CHAPTER VII

Costs of Creeping Coercion

TRUE, militant unions and strikes sometimes may result temporarily in higher wage rates and shorter hours for some workers at the expense of others. Construction workers in some cities, for example, have forced up wage rates and cut down hours to establish what seems to be an exceptionally high rate of pay *per hour* for themselves. But this has raised building costs and forced other workers to pay higher rents and higher prices for homes, and it has not brought the building trades workers especially high average *annual* incomes.

Certain unions in the movie industry have carved out attractive jobs for their members. But they limit membership and jobs to relatives, old friends, and long-time residents of the area. The number of persons who get these high wages is small and other wage earners and their families pay higher prices for movies to make these high wages possible for the privileged few.

Coercive unionism also holds down wages by limiting output. It enables the slower or lazier workers to restrain those who are faster or more ambitious. It often forces the employer and his customers (who are mostly other wage earners) to pay for unnecessary work or for work that is not done at all. It restricts use of labor-saving methods and tools.

That is to be expected. Those who use force to get members will not hesitate to use force to reduce competition on the job. Those who deny the right of non-members of the union to compete for their jobs in a strike are not likely to admit the right of a few members to compete freely by superior performance on the job itself. Nor are they likely to care about the rights or interests of consumers, whether these consumers are other wage earners or not.

Consequently, wherever unions win the privilege of dictating the terms of employment, they likewise dictate in regard to worker efficiency and output. They enforce seniority rules and featherbedding practices which raise costs to employers, reduce every worker's opportunity and incentive for advancement, raise prices to consumers, and reduce real buying powers for everyone, including wage earners.

These losses rise more than in proportion to the growth in strength of militant unions. For, as a union gets control in more companies, the competition from non-union shops declines. Hence the owners of the less efficient union shops feel less pressure to maintain the efficiency of their own employees. In fact, many of them find it easier to help unionize their competitors or to help shut them down than to oppose the slowdown in their own plants. The most corrupt and costly rackets in the United States come about through this collusion between coercive unions and unscrupulous or timorous employers.

These evils of coercive unions are well known. But, as a man may feel pain without knowing the cure, so citizens may be aware of strikes and union restrictions without knowing what to do about them. Then they may turn to political policies that result in still worse evils.

Towards statism

Coercive unionism thrives on distrust of the free market. Its leaders teach that a free labor market fails to give the wage earner his just due, or that big business makes a truly free labor market impossible. "Strong unions" are necessary, they say, to offset the employers' monopoly control so that the wage earner may get justice.

Now suppose that a citizen accepts this view, yet wants to do something about the evils of nation-wide strikes, union boycotts, featherbedding and makework policies. To what agency will he turn for relief? The free market, he thinks, is unjust to wage earners; the tug-of-war between union and employer monopolies is intolerably costly. What to do?

The only course left seems to be for government to force employers to be just and force unions to be "reasonable." On the one hand, this means that government shall force employers to pay more. Among the ways of doing this are minimum wage laws, unemployment relief (to reduce competition for jobs), and legal aid to unions. On the other hand, to keep the demands of unions "reasonable," government must supervise union affairs and be ready to dictate terms when unions or employers get "stubborn."

As a people follows this course, class lines appear in politics. Control of party machines and of government agencies becomes more and more important for unions, employers and citizens generally. And government policies change, not necessarily to promote greater justice, but to serve the purposes of one group or other that may win power.

This course is all the easier because so many citizens are likely to demand that government correct the supposed or real injustices of free markets in other lines.

Some say that speculators and traders cheat farmers by rigging the markets for farm products. Therefore, they demand that government help the farmers organize to increase their "bargaining power," and they propose that government raise the price of farm products and lower the prices of other things. Other persons claim that price-cutting in the sale of branded and trade-marked goods is hurting both producers and consumers. Therefore, they propose "fair trade" laws to restrict price competition in this field. Borrowers have always complained about high interest rates and asked for usury laws and government lending agencies to keep lenders from taking undue advantage of the borrowers' needs.

In fact, it is easy for anyone to believe that other people regularly charge him too much and pay him too little. Therefore, many who shrink from private violence or fraud to right their wrongs, conclude that government should fix fair prices and fair rates of pay. Thus, in every period of human history, we find governments intervening to raise or lower the "bargaining power" of one class or another, to arbitrate and fix wages, interest rates and other prices for goods or services.

And no other political activity has done more to check human progress. For government price-fixing or wage-fixing is a form of coercion, an attempt to redistribute goods by force, and legalizing this coercion does not change its effects. These effects are repressive.

Coercion can be useful in stopping private coercion or foreign aggression, but it cannot stimulate enterprise and progress. Government fixing of prices or wages means use of the police powers to force some persons to give their services or goods on terms dictated to them, not agreed to by them. This means forced service, and even though it is legal, it robs the victims of responsibility

and initiative. It discourages enterprise and directs ingenuity to evasion and resistance. The result is increased conflict and reduced willingness to produce and serve.

And involuntary servitude

Government may hide or change the apparent effects of its intervention by taking over the monetary system, printing its own money, and paying out this money in ways which help employers to pay higher wages or which maintain prices for farm products and other goods.

But this artificial stimulant brings its own new train of evils, and these evils mount as producers become dependent on increasing doses of the inflation to maintain trade and employment. Among these evils of currency inflation and government spending is the growth of bureaucracy, imperialism and militarism—or statism.

Sooner or later, these evils stop the nation's progress and start it on a downhill course of financial crises, wars and falling output and buying power.

Yet those who distrust free markets attribute each new crisis or disorder to the greed or stupidity of what private enterprise remains. They propose as remedies only new government orders and new controls.

In modern times we saw the outcome of this course most clearly and completely in the rise and fall of Fascism and Nazism. In both Germany and Italy, for 50 years or more, the governments had set up one agency or control after another to bring about "fair" wages, prices, interest rates, profits, pensions, medical care and the like. These policies burdened enterprise with red tape and high taxes, not merely the enterprise of big business, but the enterprise of every wage earner, farmer, professional worker, and small businessman or factory owner. Crisis followed crisis, and discontent mounted. Yet always the

government's alibi was that certain private persons were abusing their freedom or that aliens and foreigners were to blame. Most citizens of those countries seemed to accept these alibis even though they squirmed under the new controls which followed. At last, when the government was big enough to dictate to "both sides" in every market and strong enough to overawe the foreigner, it proved too big and strong for the citizens to control.

Other governments are now following more or less the same course, with more or less the same results. This may not be the road that most Americans would choose if they knew where it leads. But is any other road possible? Can we return to the free market for labor, for farm commodities, or for capital? Is a free market any longer possible or desirable?

CHAPTER VIII

Special Privilege or Freedom?

GOVERNMENT policy toward unions in the United States has been long in the making.

Until 1916 the general policy was to prevent violence and to check union restrictions on production and trade. This was in keeping with the government aims in other fields.

In the Adamson Act of 1916, however, the Federal government began to follow a very different policy. This Act forced the railway owners to grant the demands of the railway unions for an 8-hour day. Thus the government for the first time came to the aid of the unions and used its police powers to do what the unions probably could not have accomplished without a long and costly struggle. (Incidentally, it should be noted that the purpose and effect was not chiefly to reduce hours but to raise wages by changing the method of calculating rates of pay.)

When the government took over the railroads in 1917 it stopped employer resistance to unionism and let union organizers know this fact. The result was a great increase in organizing activity in this industry. Finally, the Railway Labor Disputes Act of 1926 and 1934 prohibited employers from "interfering" with union activities among their employees, and thereby put the Federal government into the work of promoting the growth and

power of labor unions that are as free as possible of employer influence or control. The full meaning of this present policy will be described below (p. 53f.).

Injunctions in labor disputes

Meanwhile, the Norris-LaGuardia Act of 1932 made largely useless a means which employers had often used to defend themselves and their employees against union violence. That legal device was the injunction.

Sympathizers with militant unionism often excuse union violence as merely a counterpart of the "legal violence" of court injunctions against "labor." They imply that injunctions are orders for soldiers and police to move like an armed posse against strikers and union officers. Therefore, it is well to make sure we know what an injunction is.

An injunction is a court order that certain persons shall not do certain things. It is issued by a judge, after a hearing, when in his opinion the acts specified would cause a loss which could not be remedied later by a damage suit. For example, he may issue it if recovery of damages seems impractical because of the large number of offenders and the large number of suits that would be necessary to collect damages from persons of small means. This is the usual legal justification for using it in labor disputes. However, it is often used outside of labor disputes and it is used against government agencies and officials as well as against private persons.

To disobey an injunction is "contempt of court." Charges of violation are usually tried by the judge issuing the order, without a jury.

Those who seek an injunction against other persons' acts must come into court "with clean hands." That is, they must not have been guilty of wrongdoing that might

incite retaliation. The complaint must be supported also by sworn statements of witnesses.

In labor disputes an injunction cannot be issued to force anyone to stay on a job or return to a job he has left.

At most it prohibits strike orders of union officials and such methods of enforcing a strike as picketing. Furthermore, an injunction may go this far only in case the strike is for an *unlawful purpose* or when it results in *unlawful acts* that destroy property. That is, it prohibits union officials and members from doing things that are illegal for other persons to do, such as conspiring to damage property.

Injunctions do not make the law. They merely apply principles of laws already on the statute books, and unions often use them for this purpose against employers and against rival unions.

A special privilege for unions

In 1932 the Norris-LaGuardia Act greatly restricted the federal judges in their use of injunctions in labor disputes. The aim and result was to exempt officials and members of trade unions from various restraints that apply to everyone else.

The act granted this exemption to any person who might have an interest in "any controversy concerning terms or conditions of employment, or concerning the association or representation of persons . . . seeking to arrange terms or conditions. . . ." This gave the benefits of the act to anyone who might set himself up as a union agent or organizer, including outright racketeers who professed to be union officials and experienced criminals who organized and maintained their unions as private empires.

Following are some of the special privileges which this act granted to union officials and members.

First, union officials and members were no longer to be subject to injunctions for violating the anti-trust laws. For example, the Federal courts could not enjoin union officials who might order members to boycott, strike or picket a company for using the products of nonunion workers or products of workers belonging to other unions. Under this exemption, an electrical workers' union of New York was able to bar from the city many products made in union and nonunion factories elsewhere. This privilege was later repealed by the Taft-Hartley Act, but from 1932 to 1947 it was of great value in promoting coercive unionism.

Second, the act put special restrictions on every Federal injunction that might still be issued against union officials and members as, for example, in cases of violence or breach of contract. In themselves some of these restrictions were not unreasonable, for example, the right of jury trial in case of violations; but they were a special privilege in that they applied only to union members and officers, not to other persons who might commit the same acts.

Third, the act decreed that no employer could get relief by injunction, even to protect his property against criminal violence, if he "failed to make every reasonable effort" to settle the dispute by negotiation and by any available means for voluntary arbitration or government mediation. Under this provision, for example, the Supreme Court of the United States ruled that a company could not get an injunction against violence because the employer had asked for government mediation when the union insisted on arbitration.

Finally, and perhaps most important, the Norris-LaGuardia Act relieved union officials from legal re-

sponsibility for the unlawful acts of their agents unless there was "clear proof" that the officials had actually authorized or ratified the offense. Since an official is not likely to provide such "clear proof," the law in effect released union officers from the law of agency to which officers of all other types of organization are subject.

The value of these special privileges appeared in the union drives of the next five years, culminating in 1937 when the sit-down strikers seized and held some of the largest automobile plants in Detroit. Despite abundant evidence that the bands of men who took over the plants and wrecked machinery were a well-disciplined private army, obedient to the union officials, the government authorities did not then or later move against them or against the leaders who were the prime movers.

Most of the industrial states now have laws restricting injunctions in labor disputes by state courts much as the Norris-LaGuardia Act restricts them in the Federal courts.

Yet wage earners and employers might have been able to keep union coercion within bounds by individual bargaining had it not been for the National Industrial Recovery Act (NIRA) of 1933 and the National Labor Relations (Wagner) Act of 1935. These acts set up Federal agencies to restrict the right of individual agreement between employer and employees and to force employers and employees to deal only through certain union agents in arranging wage rates and working conditions.

The theory of NIRA was that American business was too competitive, that this excessive competition caused the fall in prices and wages in 1929-33, and that the way to recovery was by restricting this competition. The act therefore provided that producers must join cartels to restrict competition among themselves and that wage

earners must have the right to form unions for restricting competition in the labor market.

When the United States Supreme Court declared this act unconstitutional in 1935, the government dropped the aim of compulsory cartelization of business, but the National Labor Relations (Wagner) Act of that year enabled it to go even further than under the NIRA in forcing wage earners and employers to submit to union dictation.

The theory and policy of this law are important because they still dominate the labor policies of the Federal government.

The Wagner Labor Relations Act of 1935

The theory of the Wagner Act was one thing. Its effects were something else.

In theory the act was to reduce strikes and conflicts by removing what, according to the act, is a chief cause, namely, "refusal by employers to accept . . . collective bargaining." In practice the result was a great increase in strikes, conflict, and unrest continuing to the present time.

In theory the act was to give workers freedom to organize and choose their own representatives for bargaining with employers. In practice it forced millions of wage earners to disband the unions of their choice and to accept, as their sole bargaining representatives, persons designated by a government agency.

In theory the act was to remedy the "inequality of bargaining power" between nonunion wage earners and employers. In practice it annulled the bargaining rights of nonunion workers whenever the National Labor Relations Board declared these workers eligible for member-

ship in unions certified as the bargaining agencies for particular companies or departments in a company.

In theory the act restricted only the unfair practices of employers. In practice it made unfair practices mandatory.

The key provisions of the act were Sections 8 and 9.

Section 8 made it an "unfair labor practice" for an employer to "interfere with" the union activities of employees, not merely of his own employees, but of employees in general.

This seems reasonable and fair. No one should "interfere" with the legitimate activities of anyone else if to "interfere" means use of coercion, fraud, intimidation, restraint or verbal abuse.

But does a wage earner "interfere" with the owners of General Motors when he goes to work for Chrysler? Does a buyer "interfere" with Henry Ford when he buys a car from Henry Kaiser?

The answer would be "yes" according to the theory of the Wagner Act and of the National Labor Relations Board (NLRB) which set the pattern for the present Federal labor policy. An employer "interferes" if he hires nonunion employees in preference to union members, or if he hires members of one union in preference to members of other unions, unless the preferred union is one certified by the Board. He may be prosecuted for an "unfair labor practice" if he raises wages without the union's consent because it might make the union appear unnecessary. For the same reason he may not hear or adjust even a nonunion employee's grievance where there is a certified union unless he gives the union agent an opportunity to be present.

The Board protects union employees in their jobs as they flagrantly insult and misrepresent the employer in the process of organizing unions or carrying on the activi-

ties called "collective bargaining." Yet the employer "interferes" if he or one of his agents says anything to an employee for or against unions and union activities at an "inappropriate" time or place. He likewise "interferes" if he aids or allows his employees to hold a union meeting on company property or company time, unless the union is first certified by the NLRB as the sole bargaining agent.

Under the Wagner Act, the Board further ruled that employees must disband, and forever abstain from reviving, any single-company association or union which the employer had aided or favored, by word or deed, regardless of the employees' wishes or votes in the matter. According to the act, even an employer's expression of approval was (and is) "interference." This provision destroyed hundreds of single-company unions and employee representation plans that had brought about the highest level of good will and cooperation in personnel relations. This destruction of "company unions" was an avowed purpose of sponsors of the Wagner Act, and it is still a chief aim of Federal policy.

Section 9 provided that the representatives selected by the majority of employees "in a unit appropriate for such purpose" should be the *exclusive* bargaining agents of all the employees in the unit. It further gave the National Labor Relations Board the authority to determine what employees should constitute the "appropriate" unit. In case of a dispute concerning what persons were to be the official union agents, the Board was to decide the proper persons by any "suitable" method.

Thus the law empowered a government agency to dictate to millions of wage earners and employers concerning who was to represent the employees in bargaining.

How minorities may become majorities

According to the act, the union to represent the employees was to be the one "designated" by a majority of employees in an "appropriate" unit. However, the government Board determined what employees in any company made an "appropriate" unit. Therefore, it could give a union a foothold in many companies, despite the opposition of a majority of the employees, by making an "appropriate" bargaining unit out of any "craft unit, plant unit, or subdivision thereof" in which it could find a bare majority favorable to the union. According to the preamble, the purpose of the act was to promote unionism, so that the Board merely did its duty when it formed employees into units in such a way as to make it easy for unions to get "recognition."

The act said nothing about coercive or unfair practices of union agents, and if the employer fired an employee for intimidating or coercing others into joining the union or voting for it, the Board was likely to find the employer guilty of an "unfair labor practice." Even when a union worker was fired for gross misconduct or inefficiency, the Board sometimes reinstated him, with back pay, because the employer had some time previously spoken slightingly of unionism in general. Such government support was most helpful to unscrupulous union organizers.

"Recognition" of a union meant that the Board compelled the employer to accept it as sole bargaining agent for all employees in the "unit." Once that stage was reached, the union could call a strike to force the employer to "recognize" the union or affiliated unions for all departments. By mass picketing or by using imported goon squads, the union could close down a plant even though a large majority of the employees were opposed

to it. The Norris-LaGuardia Act and the politicians' fear of the union vote left employers and employees without protection against the most flagrant violence, as in the case of the Detroit sit-down strikes in 1937. In other cases the Labor Relations Board prohibited the employer from replacing strikers or compelled him to reinstate them with back pay after the strike was over. By such means a union could force the employer to "recognize" it even though it had been able to get the support of no more than a small minority of the employees.

The unions then used these same methods to force wage earners and employers to accept the closed shop, or compulsory union membership. Before World War II less than 20 per cent of employees covered by union contracts were subject to compulsory membership in unions. By 1946 more than 75 per cent were forced to join. Once this stage was reached, the wage earners were nearly helpless against the orders and exactions of the union officials and their cohorts. No employer could petition for a new election to give his employees a chance to throw off this control, and if a wage earner dared request a new election, he was subject to instant expulsion from the union and from his job. Often that meant that he was shut out of the entire trade and industry.

Nor could the employer refuse to "bargain" with the union agents, and the Labor Relations Board ruled that this meant the employer must make important concessions to their demands. These agents, on the other hand, were under no obligation to make any concessions or to discuss their ultimatum with the employer.

The employer who tried to resist by letting the union officials call a strike found that he could not present the facts to the employees without risk of being charged with an "unfair labor practice." The Board could then require

that the employer accede to the union demands or be subject to heavy penalties.

Furthermore, a strike or lockout always gives the union agents a golden opportunity to arouse the wage earners' hostility against the employer and thus to strengthen their own hold on the minds of the union members.

The abuses of compulsory unionism

Accordingly, the Committee on Labor and Public Welfare of the United States Senate reported in April 1947, that "abuses of compulsory membership have become so numerous that there has been great public feeling against such arrangements. This has been reflected by the fact that in 12 States such arrangements have been made illegal either by legislative act or constitutional amendment, and in 14 other States proposals for abolishing such contracts are now pending."

The Report continues: "We have felt that on the record before us the abuses of the system have become too serious and numerous to justify permitting present law to remain unchanged. It is clear that the closed shop which requires preexisting union membership as a condition of obtaining employment creates too great a barrier to free employment to be longer tolerated. . . . This not only permits unions holding such monopolies over jobs to exact excessive fees but it deprives management of any real choice of the men it hires. . . .

"Numerous examples were presented to the committee of the way union leaders have used closed-shop devices as a method of depriving employees of their jobs, and in some cases a means of securing a livelihood in their trade or calling, for purely capricious reasons. . . .

"Numerous examples of equally glaring disregard for

the rights of minority members of unions are contained in the exhibits received in evidence by the committee. . . ."

Under the Wagner Act, therefore, the National Labor Relations Board became an agency for licensing racketeering in the name of unionism.

For example, a District Court convicted 26 agents of Local 807 of the New York Teamsters' Union of conspiracy to violate the Anti-Racketeering Act of 1934.* These men stopped trucks on the highway and collected fees which were supposed to be the costs of supplying union drivers for the trucks, even though the union did not provide these drivers. In one case these men were convicted of holding up a farmer, and, at the point of a gun, making him pay $8.41 for permission to drive his own truck, loaded with the milk of his own cows, on the public highway.

The Supreme Court reversed the verdict of the District Court and freed the defendants on the ground that this was a customary union practice. In support of this opinion the Court referred to other cases in which employers had to pay for unwanted standby labor. In his dissenting opinion, Justice Stone said that the effect of the decision was to "render robbery an innocent pastime" as long as it was committed in the name of a trade union.

As this coercive unionism spread, the officials were able to exact an increasing toll for selling to employees the right to work. This "right," however, was one which the union officials could cancel at any time. Often it was merely a temporary permit, good for a few days or weeks, at the end of which time the wage earner found

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* According to this act, any person who obtains or tries to obtain by force, violence or coercion a payment of money in connection with any act "in any way or in any degree affecting trade or commerce . . . between the States shall be guilty of a felony."

himself out of a job, obliged to buy a new work permit.

Many union officials also set up private businesses which they forced employers and employees to patronize, such as insurance agencies that might or might not insure, or barber shops that might or might not cut hair, but which nevertheless collected fees for "service."

The National Labor Relations Board would not permit an employer to raise wages without the consent of the union which wanted the credit for the increase. Yet the employer might bribe a union official to avoid a strike or to avoid a wage increase which competition for labor would otherwise cause him to give.

It was (and still is) legal for a union to force an employer to pay for labor he did not want. It was also legal to prevent him from buying products he did want, whether made by union members or not. Only violence or threat of violence could cause anyone to submit to such dictation. Part of this violence came from union organizers and their agents; and part of it came through legal coercion by the National Labor Relations Board which under the Wagner Act prosecuted employers who tried to get labor from any but the "certified" unions. This combination of lawless violence and legal coercion gave rise to the huge labor monopolies which could hold a nation to ransom.

By 1946 these privileged, compulsory, union monopolies were able to paralyze the economy. This and other gross abuses led to state and Federal attempts at reform. In the Federal field the result was the enactment of the Labor Management Relations Law of 1947, commonly called the Taft-Hartley Act. This measure now governs the relations between wage earners, employers and union officials throughout most of American industry. Union leaders call it the "slave labor law," and they are determined to get it repealed or radically amended.

CHAPTER IX

What's Wrong With Taft-Hartley?

THE Taft-Hartley law is the Wagner Labor Relations Act with certain additions.

The preamble of both acts states that refusal by employers to accept "collective bargaining" leads to industrial strife. In both cases it goes on to say that the "inequality of bargaining power" of unorganized employees depresses wages and aggravates business depressions. Consequently, both acts declare it to be the policy of the United States government to encourage "collective bargaining."

The only way to apply this policy is to restrict freedom for individual bargaining. Like the Wagner Act, therefore, the Taft-Hartley law requires the National Labor Relations Board to force the employer and all wage earners in an "appropriate" unit to submit to the certified union as the employees' sole bargaining agent whenever a majority of the employees in that unit vote for it.

How this enforcement of majority rule applies and encourages coercion will appear later. Here it is enough to note again that the essential purpose of the law is to take from employers and from wage earners their right to deal directly with one another. So far does this denial of individual rights go when the Labor Relations Board "certifies" a union that the employer is in danger of

prosecution for an unfair labor practice if he raises wages without the consent of the union officials, and he may not legally hear or adjust an employee's grievance unless he notifies the union agent and gives him an opportunity to be present. The resulting opportunities for union interference and extortion are obvious.

Along with this main intent and effect of the law is the additional provision that government shall enforce union-shop agreements unless a state government interferes. When a union and an employer enter into such an agreement, all of the employees in the bargaining unit must join the certified union or pay dues to it. Under these agreements, government has forced millions of wage earners to join unions against their expressed wishes. This coercion becomes all the greater because of Board rulings that employees must wait as long as 5 years before they may have a new election to find out whether a majority still want the union to represent them.

Like the Wagner Act, therefore, the Taft-Hartley Act puts the police power of government into the task of forcing wage earners into unions and preventing employers and employees from bargaining except through these unions.

Yet the law does list certain coercive union practices as "unfair," and it sets forth methods by which government may do something about them. These sections distinguish the law from the Wagner Act.

Union practices may be "unfair"

To the Wagner Act statement of policies, the Taft-Hartley Act adds that

> Experience has further demonstrated that certain practices by some labor organizations, their officers, and members

> have the intent or the necessary effect of burdening or obstructing commerce. . . . The elimination of such practices is a necessary condition. . . .

The law then adds to the duties which the Wagner Act gave the Board. It provides that, in addition to prosecuting "unfair practices" by employers, the Board is to step in when employers or employees bring charges of "unfair practices" against unions or union agents. Such practices include:

- attempts to restrain or coerce employees in the exercise of their rights to organize for bargaining purposes;
- attempts to force an employer to pay for services not performed or not to be performed; and
- excessive or discriminatory initiation fees.

The act declares "unfair," and provides for injunctions against, strikes and secondary boycotts for the following purposes:

- to force an employer or self-employed person to join a labor or employer organization;
- to force some employer other than the one struck to recognize a noncertified union;
- to force any employer to recognize or bargain with one union when the Board has certified some other union.

In these cases, when the agent of the Board "has reasonable cause to believe such charge is true and that a complaint should issue, he shall . . . petition" a court of the United States for an injunction against the practices charged.

The act also revokes the exemption which the Norris-LaGuardia Act gave union officers from the "law of agency." This means that union officers may now be prosecuted for the "unfair" acts of their agents.

Towards free speech

The law removes some of the restrictions on freedom of speech which the Wagner Act imposed on employers in regard to unionism. It provides that an employer may talk to his employees on union matters if he does not promise benefits or threaten reprisals.

The National Labor Relations Board rules, however, that this free-speech provision of the law means less in practice than it appears to promise. It puts no restraints on the rights of union organizers to promise benefits or to warn of wage cuts in case the wage earners vote against union representation. On the other hand, it forbids the employer to print or distribute anti-union letters or other material which his nonunion employees may prepare and ask him to circulate. It says that an employer is guilty of an "unfair practice" if his statements just before a union election cause the union to lose, even though the statements might be within the law if made at some other time. Similarly, it denies the right of employees to campaign against the certified union if these efforts come at what the Board regards as an "inappropriate" time.

These rulings suggest that wage earners and employers have the rights of free speech and free press only as long as their exercise of these rights is not too effective in retarding the growth of militant unionism. They are consistent with the rulings that an employer "coerces" his employees when he offers them a hall for a union

meeting or when he raises wages without first getting the consent of the union agents.*

Nevertheless, any relaxing of restrictions on the freedom of wage earners and employers to communicate with one another is that much gain. It helps to promote understanding and to strengthen resistance to intimidation and injustice.

Equally important is the Taft-Hartley provision concerning voting rights of wage earners in union-representation elections after an "economic strike."

The "union-busting" provision

Section 9 (c) (3) of the Taft-Hartley Act provides that "employees on strike who are not entitled to reinstatement shall not be eligible to vote" in an election to determine union representation for the employees who have taken their places. It applies only in case of an "economic strike," which is one that concerns wages, hours or terms of employment other than union membership or union representation. Union officials denounce this as the "union-busting" section of the act.

Obviously, the 17 million union members and the growth (300,000 for the CIO alone in 1953) since the law went into effect, show that this provision has not destroyed unionism. However, it does reduce the help which government may give to support a union which loses a strike over matters not relating to union membership or representation.

Under the Wagner Act, strikers could vote in subsequent elections to determine the bargaining agent for a struck company or department even though they had

*This view that the employer coerces employees by offering them the use of a hall is similar to the Socialist or Communist view that advertisers coerce customers and that the wages system enslaves the workers.

taken other jobs in the meantime, even though they had been replaced by other workers in their former jobs, and even though they did not intend ever to go back to those jobs. This meant that strikers could use the machinery of the Wagner Act to force the employer to deal with their own union no matter how unreasonable other wage earners or job seekers might regard their demands. This union could always require an employer to discharge the "scabs" and to take back any strikers who might wish to return, with pay for lost time. Thus the union gained a complete and perpetual monopoly over an employer's labor supply once it won "recognition," and the National Labor Relations Board helped enforce this monopoly in the courts. As a result, by 1946 militant unions had forced compulsory-membership contracts—contracts for the closed shop—upon employers of 77 per cent of union members, as compared with less than 20 per cent in 1937. The most ruthless and lawless unions were bringing wage earners and employers under a dictatorship which put many firms out of business by extortionate demands and gave rise to widespread demands among union members themselves for reform.

By barring the votes of replaced strikers, section 9 (c) (3) of the Taft-Hartley law sets limits to government backing for union control in any bargaining unit. In case of an unpopular strike, if enough workers can get through the picket lines to keep the plant going, they may eventually under this provision win their freedom from domination by that union or any other union.

However, in order to make use of this and other Taft-Hartley opportunities for freedom, the wage earners and employers must have the help of other citizens and of the police in stopping mass picketing and other forms of strike violence. In addition, they must have a form of protection which government can hardly give them and

which the laws promoting unionism now take from them. That is the protection of the free market.

Coercion continues

In the 1952 steel strike, as I pointed out earlier, supervisory employees who stayed on the job to keep the furnaces from collapsing as they cooled down were held prisoners by the pickets, unable to return to their homes at night. The management of a drug company during a strike had to use a helicopter to get over the picket lines and take food to scientists who remained in a plant to care for valuable new anti-biotic cultures. In the small community of Elizabeth, Louisiana, during a 12 months' strike for a union shop in 1952-3, newspapers reported an average of one dynamiting every three days, a dozen homes demolished, 34 automobiles destroyed, and 500 persons receiving medical treatment for gunshot wounds and beatings.

Numberless cases of violence such as those cited in the first chapter of this study show that union agents still resort to the most vicious forms of coercion against both employees and employers despite all of the Taft-Hartley provision against such "unfair practices."

> If an employer, or one of his foremen, so much as asks an employee if he is a member of the union, the Labor Board holds that the employer 'restrained and coerced' the employee, even though the employee was not a member of the union or, if a member, the employer did nothing to him for being one. *Standard-Coosa-Thatcher Co.,* 85 N.L.R.B. 1358 (1949); *Empire Pencil Co.,* 86 N.L.R.B. 1187 (1949). But the Board holds noncoercive and not 'cause' for discharge such acts of union people as surrounding and abusing employees, throwing stones, hammers and other missiles through the windshields of their automobiles, knocking them down, beating them up and chasing them through pub-

lic streets. *Sunset Line & Twine,* 79 N.L.R.B. 1487 (1948); . . . *Standard Oil Co. of California,* 90 N.L.R.B. 1465 (1950) . . . (Theodore R. Iserman, *Changes to Make in Taft-Hartley,* page 18.)

How little the Taft-Hartley law does to stop union coercion should be clear from the fact that the wasteful featherbedding practices of union members continue in the printing, railway, building, music and other lines much as before the law went into effect. True, the National Labor Relations Board and the courts rule that it is not "unfair" for a union to ask an employer to pay for work he does not want done. These rulings seem contrary to the provision that it is unfair to "attempt to cause" an employer to pay for services which are not performed or not to be performed. Surely, work which an employer does not want done is not a "service." But even though the Board and the courts approve contracts providing exactions for these unwanted "services," no employer would sign such a contract if the union did not force him to do so. In other words, the means used to get the contract are illegal regardless of what the Board and the courts say about the contract itself. Moreover, in order to enforce such extortion, the union must threaten and coerce not only employers but those many honest wage earners who prefer to *earn* their pay.

Why does such coercion continue? Why do not employers and employees make use of the procedures of the Taft-Hartley law to free themselves from such "unfair practices"?

Taft-Hartley increases bureaucracy

One obvious reason for failure to make more use of the Taft-Hartley procedures is to be found in the trouble, time and expense necessary to get protection in this way.

Under the law it is not the employer or his attorney who petitions the court for an injunction against unfair practices, but the National Labor Relations Board or its agents, and this is the Board which has the duty of promoting unionism. When an employer or employee files charges, the Board may serve a complaint on the accused persons stating the charges and setting a time and place for a hearing. The testimony taken by an agent of the Board must be reduced to writing and filed with the Board. Then, upon serving further notice, the Board may hear further testimony and argument. If upon "the preponderance of the testimony" the Board decides that the charges are well founded, it must state its findings and issue an order to "cease and desist." If necessary, in order to get this order enforced, it may petition a court for an injunction. Supposedly, in some cases, the law provides that the Board *must* ask for an injunction if it decides the "preponderance of testimony" supports the charges.

Altogether apart from any pro-union bias of the Board, this process is slow and costly. No government agency is likely to show the same enterprise as an injured person or his attorney in petitioning for an injunction against union coercion. A government agency must operate by rules, precedents and red tape because it has coercive authority that private persons and groups are forbidden to exercise. In other words, government agencies must be more or less "bureaucratic" in their operations if citizens are to escape the tyranny of arbitrary rules by men instead of rule by law. This bureaucratic nature of the National Labor Relations Board necessarily limits its speed and enterprise in hearing complaints, passing judgment and taking action. And after the Board does judge and take action, a court of law still must hear the case and pass judgment again.

Needless to say, not all employers can afford the time, trouble and expense necessary to get protection in this way. They find it cheaper and easier to submit to the union's demands. Even fewer wage earners can take the risk or bear the costs of this method of resisting union coercion.

True, under the Taft-Hartley Act, the employer may file charges of unfair practices against union officers or agents guilty of coercion, and even though he may not get the Board to petition for an injunction, he may use his charges as a bargaining point. By spending enough time and money in this way, he may force a concession from the union by promising to drop his charges in the courts. On the other hand, once the union gets a foothold, it may force the employer to drop his charges in return for any settlement whatever. In other words, the employer's charges of unfair practices are effective only if the union fails to use enough coercion to win the strike.

In any case, this Taft-Hartley procedure is useful only in checking the grosser forms of coercion, those which can be proved readily in court, such as mass picketing and personal assaults on the picket line in the presence of company officials or other witnesses willing to testify. The procedure is of little use against the more refined and covert forms of intimidation and assault by which union "persuaders" force wage earners to join unions, submit to union rules, refrain from running opposition candidates for union offices, keep silent about union finances, and obey strike orders. Innocent-looking accidents on the job, threatening telephone calls in the middle of the night, deflated or slashed car tires, stones thrown through windows at night from fast-moving cars, assaults on workers or their children in out-of-the-way places—these are tactics which a government board or

legal process can hardly stop if individuals find it profitable to use them.

The basic defect of Taft-Hartley

Like the Wagner Act and the Railway Labor Disputes Act, the Taft-Hartley Act makes the subtler forms of coercion easier and more profitable because it goes far to abolish individual freedom in the labor market. That is, it restricts the freedom of employers to choose their employees, and it restricts the freedom of wage earners to profit from good work. In so doing it breaks down one of the most important of all private defenses against injury or threat of injury, that is, the defense an employer may set up for himself and his employees by avoiding troublemakers or avoiding dealings with them. Under the Taft-Hartley law, the employer may not avoid union agents no matter how dangerous he believes them to be. He may not bar them from his employ; therefore he may not free his employees of their presence. He must either deal with them or prosecute them and, in order to prosecute, he must have evidence and testimony that are difficult or impossible to get.

In various ways, therefore, the law forces the employer to provide opportunity for union agents who may not only solicit his employees but bully them and act as troublemakers in every phase of his personnel relations.

First, the law forbids the employer to discriminate against union agents or members in his hiring policies. This makes it easy for a union to plant agents in jobs where coercion is most effective and easiest to apply. Or a union may convert into a union agent someone already on the job.

Second, if an employer discharges a union agent, he must be able to prove to the satisfaction of the Labor

Relations Board that the discharge is for "unfair labor practices," and not for "legitimate" union activity. That is, he must be able to present evidence that the man was an inferior workman or that he was guilty of coercive practices in his organizing activities. This is hard to do even when the agent is a vicious troublemaker, guilty of slandering the employer or intimidating nonunion employees.

Third, once the Board certifies a union as the official bargaining agent for employees in any department, the employer may not adjust a grievance for either a union or nonunion employee in that department unless he gives the union agent an opportunity to be present when the adjustment is made. This is true even in case of adjustments quite consistent with the union contract. Therefore the law gives the union agent the legal privilege of impeding or preventing adjustments, however fair, including adjustments with nonunion employees. He can make it difficult or impossible for an employer to reward good work or penalize misbehavior. Thus he can legally injure and coerce both the employer and his nonunion employees into accepting his dictation and the dictation of the most disloyal employees.

Fourth, once a union has been certified, the employer runs the risk of prosecution for an "unfair labor practice" if he gives a wage increase or makes any other improvement in the terms of the contract without the union's consent. Thus the law protects union agents in their pose as the workers' sole benefactors because every gain to the workers must come through these agents in such a way that they may claim credit for winning it. Furthermore, it gives them a legal right to cause trouble and practice extortion by withholding their consent regardless of how fair the employer's offer may be. Many employers try to meet this threat by offering less at first

than they otherwise would and less than they expect to pay in the end. This plays into the hands of the union agents by making it easy for them to persuade themselves and their members that the gain in the final settlement was a victory for "collective bargaining." It is a reversion to primitive and inefficient buyer-beware practices. It is the sort of degeneration that normally takes place as government officials or private persons try to dictate the prices for goods or services in any market.

Finally, once the union has been certified, the National Labor Relations Board rules that employees must wait as much as five years before they may have a new election to find out whether a majority still want that union or any union to represent them. It rules that it is an "unfair" practice for an employer to insist on limiting the length of a contract with a union (e.g., to 12 months) so that he may then get a new test of the union's claim to represent a majority of the employees. Such rulings apply legal coercion by the police to maintain the union's position and authority. In effect they make the union a part of government or a form of private government which licenses wage earners and unions to operate under union law.*

In these several ways, therefore, government compels employers and employees to deal with union agents and

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*Acting Lieutenant Governor Arthur H. Wicks of New York explained his visits to Sing Sing prisoner, "Joey" Fay, on the ground that the convict, a former union official, was part of an invisible government. He said, ". . . within and under the democratic right of men to organize, the laboring men and labor interests have organized a government, . . . And the constituted and accepted leaders of labor are the men who, with incredible facility and success, make decisions that strike across the lives and interests of all of us.

"It is impossible for any competent representative in government to be unconscious or unmindful of the organized interests of this other government. . . .

"And, therefore, in the past years, when it seemed certain that the decisions of labor in my district were such as would tie up State building

thereby makes it easy and profitable for these agents and their cohorts to force employees and employers to accept union dictation. Thus union coercion continues to poison labor relations, spread fear of free markets, restrict output, raise living costs and promote financial policies which imperil the security of everyone.

Is it surprising that employers sometimes bribe the union agent in order to get their good will and "cooperation?" The bribe may be an illegal money payment. Or it may take the form of buying supplies or service through some business which the union official or a relative of the official owns or for which he is an agent, as for example, an insurance agency, a printing shop, or a trucking company. Whether this is bribery or extortion, it is a form of graft that results from use of coercion to alter the terms of exchange.

Union shop vs. closed shop

Sponsors of the Taft-Hartley Act hoped that it would check the abuses of the closed shop, the shop that is closed to nonunion job seekers. The act provides that an employer may agree with the union to require all of his employees to join the union within thirty days after he hires them, but he need not dismiss an employee whom the union expels so long as that employee pays his union dues. This gives the nonunion worker an opportunity to get a job in a unionized industry although it

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projects, water projects, road-building projects, to the cost of millions of dollars to thousands of people, I felt that it was my personal duty to seek after the welfare of workingmen, their wives and children, by simply going to one of the leaders of labor, wherever he might be. . . ."

This convict had hundreds of other visitors, including government officials of New York and neighboring states, as well as highly placed union officers; and the state officials testified that their visits got results in stopping strikes. He had been jailed in 1947 under a sentence of 7½ to 15 years for extorting money from contractors working on the New York City Aqueduct.

does not protect him from having to join the union and pay dues to it after he gets the job. It also gives employers an opportunity to protect wage earners against union dictation except in the matter of dues.

Union officials urge amendment of the act to remove these restrictions on their authority. For example, they want authority to expel a man from the union and from the job for disclosing "confidential information" of the union. They wish to reduce from thirty days to seven days the period in which the new employee may remain outside the union, and they seek changes to facilitate the checkoff which uses the employer to collect union dues.

However, in practice, an employer who signs a union-shop agreement is seldom able even now to retain an employee whom the union does not want. That is, if the union can force an employer to sign a union-shop agreement, it can usually force him to fire employees whom the union finds objectionable. Furthermore, even if the employer can resist the union's pressure, the lone employee is in a weak position. Few employees can stand up against the many subtle forms of coercion and intimidation that a union shop makes possible. Because of this a number of states have taken advantage of the Taft-Hartley Act to put further restrictions on union-shop agreements.

State vs. Federal control

According to section 14(b) of the Taft-Hartley Act, state laws take precedence over the Federal law when they apply to agreements requiring union membership as a condition of employment. Fourteen states have now taken advantage of this section to prohibit these union-shop, or closed-shop agreements.* Union leaders seek

*These states are Alabama, Arizona, Arkansas, Florida, Georgia, Iowa, Nebraska, Nevada, North Carolina, North Dakota, South Dakota, Tennessee, Texas and Virginia.

repeal of this Taft-Hartley provision so as to deprive the states of their jurisdiction over these agreements.

However, this section may be less important in itself than as a possible precedent for extending state authority in other labor matters. For the closed shop or union shop is not necessarily an evil and it is not the chief source of union abuses. It is a symptom rather than cause. Conceivably an employer might prefer to hire all of his employees from a union, paying a premium wage, if the union guaranteed high-quality work by its members. In that case, the union would get its closed-shop agreement by useful service, that is, by encouraging and helping wage earners to become more skillful or honest and by certifying them to employers so that such workers could command higher wages. In the absence of coercion that would be the only way a union shop or closed shop would come about; and if it arose in that way—through promoting efficiency—it would benefit wage earners, employers and consumers alike. For this reason, a prohibition of the closed shop does not necessarily increase freedom or improve labor relations.

On the other hand, when a union imposes and maintains a union-security agreement by *coercion,* or when government aids in imposing it or enforcing it, the results are very different. The union then does not need to give service to get its contract. It does not need to encourage greater efficiency among its members or to get higher wages for them. On the contrary, the very use of coercion to get the closed shop creates hostility and suspicion that reduce cooperation, output and wage levels. Those who use coercion to get more pay for a given amount of work soon use it to get more pay for less work. Both policies injure everyone, including wage earners. This coercion is the evil, or source of evil, whether applied in a closed shop or open shop. If state

and Federal authorities suppress unlawful coercion in labor relations, laws against the closed shop are scarcely necessary or useful.

However, in practice under the Taft-Hartley law, the union shop is generally imposed by coercion of the employer, and once the employer has been forced to agree to it, the law brings the authority of government to the aid of the union in forcing nonunion employees to submit. Furthermore, this government support for the union shop gives the union agents and officials abundant opportunity for further lawful and unlawful coercion, blackmail and extortion as against both employees and the employer. In effect, it provides an Iron Curtain behind which the union can build an empire based on the predatory practices and ideas of socialism, communism or simple racketeering.

For these reasons, state laws restricting or prohibiting the union shop do help considerably in reducing the overall amount of coercion in labor relations.

Restore state and local authority

This points up the fact that citizens must rely mainly on local authorities if they are to get adequate protection against private coercion. Therefore, whether or not state laws against union-shop agreements are essential, it is essential to restore jurisdiction to the states in other ways. At present, Federal laws take precedence over state laws in disputes to which Federal laws apply, unless the Federal statute specifically gives the states a prior right as the Taft-Hartley Act does in section 14 (b) relating to union-shop agreements. For this reason, the courts have set aside various state measures restricting strikes and picketing. For example, the Supreme Court of the United States invalidated a Wisconsin act forbidding

strikes against public utilities. This ruling nullifies similar laws in New Jersey, Pennsylvania and Virginia. The Supreme Court held also that a Michigan law requiring a secret ballot on an employer's last offer conflicts with the Taft-Hartley law and is therefore invalid.

A decision of the Supreme Court of Pennsylvania, recently upheld by the United States Supreme Court, went further. It dissolved an injunction against picketing which was in violation of a Federal law as well as the state law. The Court gave as its reason that a state may not intervene when a Federal law has been violated even though its own law has also been broken. This decision may nearly put an end to labor injunctions by state courts. Certainly it will seriously impede efforts of local authorities to check union violence.

If the states had full authority to make and enforce their own laws on all labor matters, they would not necessarily and always restore and protect individual freedom. The citizen needs Federal protection against tyranny and impotence of state and local authorities as well as against private violence. However, if the Federal government deprives state and local governments of authority to keep order, these governments will shrivel and shrink. Citizens will lose the ability and the will to defend their own rights, and our Federal form of government—a chief defense against despotism—will disappear.

The vitality of political defenses for basic rights depends on the understanding and initiative of private citizens. Local governments are the readiest outlets or instruments for this understanding and initiative. Destroy these outlets and much or most of the people's good sense and political enterprise is ineffective. The resulting apathy and irresponsibility must mean moral

decay, political degeneration and declining freedom. It *can* happen here. It *is* happening here.

The struggle to extend or limit state jurisdiction in labor matters is important, therefore, not because the union shop is so important, but because revitalizing state and local government is essential to continuance of this Republic.

CHAPTER X

Mediation or Appeasement?

MANY persons hope that government mediation or compulsory arbitration may reduce conflict in labor disputes. For many years, therefore, the Federal government and various state governments have been setting up more and more elaborate agencies for conciliation, mediation and arbitration.

The Taft-Hartley Act consolidates the Federal agencies for this work in the "Federal Mediation and Conciliation Service." This Service may offer its services on its own motion, or at the request of the parties, in any dispute which threatens to cause "a substantial interruption of commerce."

In case the President of the United States decides that a strike would endanger the national health or safety, the act provides for compulsory mediation. If he wishes to invoke this provision, the President asks for an injunction to delay the strike for eighty days. During that time "it shall be the duty of the parties to the labor dispute . . . to make every effort . . . to settle their differences, with the assistance of the Service. . . ." However, the act also provides that "Neither party shall be under any duty to accept . . . any proposal of settlement made by the Service." This means that the mediation, or conciliation, is compulsory, but that the *mediation* must not turn into *arbitration*. The government's mediators may consult and advise, and the dis-

putants are legally obliged to talk and listen; but the officials may not dictate the terms of settlement.

But a strike that endangers the national health or safety can take place only if government fails to perform its primary duty, that of protecting its citizens against violence and intimidation. Government mediation, therefore, treats only a symptom, not the cause of the conflict that threatens the national health or safety.

Government is political

And in dealing with the symptom (the strike) by mediation, government aggravates the evil by rewarding coercion. Every government agency must be more or less political. That is, its members must generally think and work in ways that maintain the authority which gives it birth and life. Their decisions must take into account the forces that can make or break a particular administration. For example, they must consider how their decisions will appeal to voters and contributors to campaign funds. For this reason, in the United States, a government mediation board must give heed to the same political forces that tolerate unlawful union coercion. They must likewise heed the still greater political forces that are responsible for putting government coercion to work in extending union control as the Wagner Act, the Railway Labor Disputes Act and the Taft-Hartley Act have done.

Therefore, a government mediation board starts with the assumption that a union has a right to the authority which enables it to call the strike, and in government affairs might makes right. Once a government or government body decides not to challenge the coercive authority behind a demand or ultimatum, it has left only the alternative policy of seeking to appease, or buy off,

those who make the demands. This is true whether government is dealing with a foreign power, with a local government, or with a coercive trade union.

And what is the effect of this sort of "compromise," or purchase of peace, with such a coercive agency? Clearly, it makes the coercion profitable and legal.

Government mediation in the railway industry of the United States is a good example. Carroll R. Daugherty, a supporter of this policy, writes as follows about the 1934 act which set up the National Mediation Board for the railway industry: "Fundamentally, the framers and supporters of the Railway Labor Act wished to establish an enduring labor peace on the railroads by making collective bargaining between outside unions and railroad managements the normal, universal labor-relations practice. . . ."* Since this was the purpose of the act, the government appoints to the National Mediation Board men who believe the principles of the act are sound.

Even though they may believe the unions are making unreasonable demands, these mediators must try to come to terms with them. Above all, they must help protect the unions' authority and prestige as sole bargaining agents for labor. Their function is to induce the owners to buy peace and to induce the unions not to call a strike. They must try to avoid a clash, but they must be even more careful to avoid any policy that might free workers and owners from the union monopoly.

How government promotes racketeering

Consequently, the National Mediation Board has tolerated, and urged upon the owners, featherbedding prac-

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**Labor Problems in American Industry* (New York, 1938), p. 923.

tices and wage policies that amount to racketeering. At times the mediation and appeasement prevented a general strike. But the price was government sanction for policies that were perhaps as costly as strikes. In any case, government continued to support the coercive unionism that made the strike threat dangerous.

Furthermore, when the National Mediation Board failed to give the unions all that they insisted upon, other government agencies increasingly forced further "concessions" from the employers, not because these concessions were earned or just, but because they were the price of peace. Such a "peace" is not peace but surrender to a holdup. This must be the outcome of attempts to mediate or arbitrate under threat of coercion.

Those who fear the free market, or who despair of ever restoring it, often propose to make government so strong that its labor "courts" would be immune to union or employer coercion.

This was the road taken by Mussolini and his Fascists. It was the way of Hitler and his Nazis. Ignorant men set up *Big Government* to deal out the "economic justice" which neither the privileged unions nor the state-supported cartels had provided. They feared the free market. The narcotics of the Welfare State had dulled their desire for individual freedom and responsibility. They wanted an Arbiter to rule over them, setting "fair" wages, "fair" profits and "fair" prices. Then they found that they had no standards of fairness but the arbitrary judgments of officials who could be loyal only to the Leader, the Party and the State.

That is the way that leads on from serfdom into despotism. It does not establish justice, but makes injustice legal. It does not bring peace, but makes violence a patriotic duty. It does not restore prosperity, but

squanders the wealth and energies of all in order to flaunt the follies of officialdom.

We do not promote human progress by ordering and forcing people in a society as we manipulate the levers to work a machine. A society, large or small, progresses only as its individual members progress, that is, as each learns to choose his own place, arrange the terms of his own cooperation, and carry out his own agreed plans.

This means that the roots of social progress grow from individual freedom to work, to bargain, and to accept responsibility for the results.

CHAPTER XI

Coercion is the Source of Monopoly Restrictions

UNION monopoly power—the power to restrict output of individual workers, to paralyze industries, and to wage a class war—lies in legal and illegal coercion.

In the absence of unlawful violence and government coercion, there would still be employee organizations for collective bargaining, but they would promote peace and efficiency, not strife and restriction. Prior to 1935 employers were increasingly turning to employee representation plans, which provided for collective bargaining on a single-company basis. The so-called "outside" unions, which had long relied more or less on coercion, denounced these plans as company unions, captive unions, or company-dominated unions. They complained that such organizations had no way of "enforcing" their demands. But these plans did win the support and loyalty of millions of employees, and they helped raise employee-employer cooperation to a level of efficiency and mutual benefit that one hardly finds where national "outside" unions dominate. Despite all obstacles and discouragement, employees in some cases have reinstituted these plans entirely on their own initiative.

High-level cooperation also exists where the leadership of an outside union operates without use of legal or

illegal coercion, getting its members and its bargaining power with employers by developing superior efficiency and fairness among both employees and employers. There is a place for the bargaining specialist in the field of labor as in other lines. The fact that many individuals hire bargaining agents—actors, authors, lecturers, for example—is evidence of this fact. When such bargaining specialists can get their customers and clients only by offering service, they must learn to benefit both the one who gives a service and the one who buys it. These specialists earn their fees or salaries as they add to the usefulness and earning power of those they serve.

Cooperation must be voluntary

But coercion in human relations is a poison that arouses fear and hostility and weakens or destroys cooperation. At most it is useful in stopping coercion. Certainly it cannot inspire the will to cooperate which is as important as any skill or ability.

Individuals who discover this fact learn how to get the help of their fellows by offering a return benefit, instead of by coercion. They learn that the benefit they give comes back to them in two ways: first, in the immediate service and good will they get in return, and second, in the increase in strength and ability of others to help them in future. Thus cooperation begets cooperation, service increases service, and cooperative peoples grow in prosperity and strength.

This voluntary exchange is the free market. It is not a matter of large or small firms. It does not mean uniform prices or wages. It does not require standardization of products or services. On the contrary, it is more likely to mean increasing variety and individuality.

Government helps to preserve this freedom by re-

pressing violence and enforcing definitive agreements.

But government action is not enough, for it can deal only with some of the more flagrant and obvious cases of violence and breach of contract. Every individual citizen also must help achieve freedom by resisting coercion and fraud or withdrawing from those who practice these forms of predation.

When government prevents this private resistance or escape, it plays into the hands of the enemies of cooperation. This is the basic error of the Railway Labor Disputes Act and of the Taft-Hartley Act. These laws take from employers and employees the right to choose their associates. Therefore it takes from them needed opportunity to resist or escape from union coercion. Yet, without such private resistance or escape, union coercion will continue to increase and spread. Without freedom for individuals to resist and escape from ingenious and subtle forms of coercion, government itself will become less capable of dealing even with the cruder forms of coercion as those who believe in it and practice it grow in numbers and political influence.

There is truth in the saying that the people of any nation get the government they deserve. Improvement in government policy begins with the increase in understanding and courage of individuals. Without these qualities in the citizenry, government becomes impotent or predatory, or both.

The problem of progress in government policy, therefore, is not merely one of changing the party in office or enacting new legislation. Instead, it is one of promoting understanding of freedom and justice and bringing government policies in line with this growing understanding. The very qualities that give government necessary stability and authority also make political progress slow.

Yet, a ferment of ideas is at work in the United States today, and the political structure of our government does permit far-reaching changes. Many Americans are growing aware of the nature, evils and extent of coercion. They are perhaps making as much progress in this field of knowledge as others are making in knowledge of atomic energy. And as this knowledge spreads it must affect personal conduct and government policy as the atomic bomb is changing methods of warfare.

This is not the first time in American history when the ideas and numbers of persons supporting coercion in one field or another seemed to threaten the foundations of our national life. Our forebears saw their danger and met the challenge. More than once they won back their freedom and opened the way to new levels of achievement. We need not, and should not, do less than they.