

*Labor monopoly
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**THE CITIZEN'S STAKE
IN THE
LABOR UNION PROBLEM**

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by

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The Citizen's Stake in the Labor Union Problem

If there ever was a time when calm and clear thinking was needed in this country, it is now. Never since the "War between the States" have we as a people been so divided, and nowhere does that line of division appear so sharply as it does in connection with what we call the labor problem. The citizen's stake in that problem, I assure you, is far more crucial than appears on the surface.

Now to grasp the significance of any complicated question, such as this, we must start by getting the facts, and then consider those facts in proper perspective. So, first, let us take a look at the problem from the labor union viewpoint.

Injustices to Labor in the Past

Until a decade or so ago, employers not infrequently discharged or discriminated against workers who joined unions or engaged in organizing activity. In my opinion such action was unjust and unfair and ran contrary to the spirit of our democratic institutions. In some cases wages were too low, not only for the worker himself but also for the good of the economy in general. That was unjust and unwise as well. In some industries the hours of work were too long. And working conditions, in some cases, were not what they should have been in the interest of health and safety. Frequently the worker in the ranks had little protection against arbitrary and discriminatory

action by his immediate foreman or supervisor. Here again I am frank to concede that management was at fault. In many industries, moreover, the workers received no paid vacations and no aid in providing protection for themselves against the hazards of sickness, unemployment, old age and death, all of which again I think was shortsighted and unfair.

Corrective Measures Have Gone Too Far

Many far-seeing business men had, of course, looked ahead and taken voluntary steps to correct such injustices, but in far too many cases they remained as canker spots in our national economy. Under the impact of labor union leadership and humanitarian pressure, legislation was enacted designed to cure such situations. Among the laws that were passed were the Norris-LaGuardia Act in 1932 sharply curtailing the powers of the courts to issue injunctions in labor disputes and the National Labor Relations Act (ordinarily known as the Wagner Act) which followed in 1935. The latter statute outlawed a whole series of so-called unfair labor practices on the part of employers and set up the National Labor Relations Board for the enforcement of the law on a nation-wide basis. The Fair Labor Standards Act (ordinarily called the Wage and Hour Act) was enacted in 1938, fixing minimum wages and maximum hours and covering in its provisions not merely so-called sweat-shop workers but the great majority of all employees in industry and commerce. The Supreme Court added its weight to such labor legislation by holding in a series of decisions that labor unions were not bound by the anti-monopoly provisions of the Sherman Anti-Trust Act, which had been passed in

1890, and the Clayton Act which became law in 1914. The administration of the Wagner Act was placed in the hands of labor partisans and through their interpretations, the application of that statute was vastly enlarged. As a cumulative result, the unions acquired almost unlimited power without being compelled to assume virtually any legal responsibility. The pendulum swung too far. Two wrongs never make a right. Power in the hands of fallible human beings—without responsibility—always results in social chaos. The present labor crisis is no exception to that general rule. And I make that statement as a friend—not an enemy—of sound and proper collective bargaining, which is here to stay as a part of our democratic scheme of life.

Are These Union Practices Fair to the Public?

Now let us look at the labor union problem from the point of view of the public and the business man. The labor unions can threaten and intimidate fellow employees and their families and still not be liable in any way under the Wagner Act. The employer is helpless to intervene. Is that fair or just to the worker?

The unions can violate their signed agreements, indulge in wildcat strikes and slow-downs, and the employer is usually penalized if he attempts to discharge faithless employees who foment such actions. Is that fair or just to the employer? Does that lead to peaceful procedure and orderly production?

Under the Wagner Act union leaders are permitted to say anything they please about the employer—whether true or not. In fact, they can and do frequently indulge in reckless defamation, whereas the employer's freedom

to comment about the activities of the unions is seriously curtailed under that same statute. Is that fair or just under the Constitution of the United States? Is such limitation in the public interest?

The unions can engage in mass picketing and violence and can even keep owners and managers from entering their places of business. The employer, under the restrictions imposed on the courts by the Norris-LaGuardia Act, has virtually no legal recourse. Is that in accord with the American spirit of even-handed justice and fair play?

It is hard to believe that a recent incident like this could have happened in free America: Three brothers by the name of Miller started a dairy four years ago at New Canaan, Connecticut. They put all their savings into it, worked themselves from morning till night and gradually built up a nice business producing Jersey milk of superior quality for local consumption. The Teamsters' Union came along late last fall and called a strike of the seven or eight drivers that the Millers employed. When wage demands could not be met, the union sent 200 men from out of town to picket the Miller dairy. Women customers who came to get milk for their babies had their automobile tires slashed. For the owners to go ahead meant bankruptcy, so they simply went out of business. William Miller, in a concluding letter to the union said: "You have won a brilliant victory. I applaud you—the golden goose is dead, the eggs, no more."

Tribute Exacted from Workers

Under existing law, there is nothing to prevent unions from demanding exorbitant initiation fees and dues before permitting a man to work. At Ft. Meade in Mary-

land the Steamfitters' Union admitted only six new members during the peak of construction at that huge camp. The electricians instead of taking in new members levied a daily fee of one or two dollars per man for a working permit. The New York Times reported that the union "take" from this source was over \$400,000. The Glaziers' Union in Chicago demands (or did demand) a cool \$1500 for the right to work—according to Judge Thurman Arnold. Are such practices fair or just to the American worker and the American public? There is nothing to prevent such practices and nothing that the employer can do to mitigate them.

Contractor Forced to Give Up Occupation

Under present law many unions are powerful enough to exclude anyone from employment who shows a spirit of independence or gets into their bad graces. A small tile contractor in Wisconsin, named Senn, was willing to sign up for the union shop, even though none of his employees belonged to the union, but he found it impossible to accept the condition demanded by the union that he himself refrain from doing any work. So the union picketed his establishment, notified architects and contractors that Senn was on the black list and thus ruined his business. Senn had four employees and the year before this situation arose he netted only \$1500 from his business. Yet the Supreme Court held that this was peaceful picketing, even though it was admitted that the union's purpose was not to establish better wages and hours or other conditions, but simply to compel Mr. Senn to quit working as a tile layer. I ask you, is it in accordance with the principles of American freedom that a man should not

have the right to follow any of the common occupations of life that he may select? If Senn had been protected under the law with adequate recourse against the all-powerful union that took such an arbitrary stand, the outcome would probably have been quite different and the old American ideal of opportunity and freedom for every one would have been upheld.

Under the existing situation, the unions have power to require business men to employ unnecessary workers, for whose services the public pays. Electricians' unions in various cities insist that a full-time electrician be hired on any construction job using temporary power or light. Frequently, he spends his day playing solitaire, according to Thurman Arnold, his "work" consisting of merely pulling a switch one way when he arrives and another way when he quits. The Teamsters' Union were upheld by the Supreme Court in their action in compelling every truck entering New York City to take on an extra man at from \$8.41 to \$9.42 a day for doing no work! That is why Judge Arnold asserts that it costs \$112 more to distribute a carload of vegetables through the Manhattan market than in neighboring regions free of such exploitation. You are all familiar with Mr. Petrillo's action in forcing extra musicians and other employees on radio stations and theaters. Are such tactics fair to either the employer or the public?

Products Boycotted

The unions enjoy the legal privilege also of boycotting the products of manufacturers who refuse to meet their demands. The Westinghouse Electric and Manufacturing Company bid \$56,000 for switchboards to be installed

in a low-cost housing project in New York City built with PWA money and was informed "it could not have the job at any price, because the product did not bear the union label." The material was supplied by a local union manufacturer for \$110,935—twice as much as the Westinghouse price. Are practices of that sort fair and in the public interest? Does that make for low-cost housing?

The unions possess the legal power, as things stand today, to limit output and to block the adoption of labor-saving devices. In some cities unions have prevented the building of houses with prefabricated structural parts. In certain districts painters' unions will not permit the use of spray guns. Even the width of paint brushes is sometimes limited. Plumbers and electricians in other places insist that pipe cutting and wiring must be done on the job, which is more expensive than at the factory. Is this the sort of practice that the American public should continue to tolerate? The employer is powerless to correct such abuses under existing law.

As the situation stands now, many unions have in their hands the administration of huge funds without being legally required to publish financial statements. You read Mr. Whitney's recent boast that his union had \$47,000,000 in its treasury of which \$2,500,000 was to be spent to defeat President Truman in the next election. Does that bode well, in your opinion, for the future of democracy in America?

Management Functions Invaded

Existing statutes provide absolutely no safeguard from the constant effort of labor union leadership to

interfere with the legitimate functions and responsibilities of management. Is that in the public interest? I am convinced that it is not, since there is no substitute for the dynamic vision and catalytic power of forceful management. We can distribute wealth by political action, but not genius and character and leadership. The comparative few in every walk of life who possess such attributes in an outstanding degree are the great benefactors of civilization. It was Washington who held the struggling colonies together in their fight for liberty—not a junta of the rank and file. It was McCormick who built the first successful reaper—not a group of farmers. It was Bell who invented the telephone—not a manufacturers' association. It was Marconi who discovered wireless telegraphy—not a labor union. It was Lincoln who drafted the Gettysburg address—not a government commission. So no intelligent citizen should countenance anything that would destroy for the generations of Americans yet to be those wellsprings of individual initiative in management and other fields, from which in a very literal sense all our earthly blessings flow.

As the result of the vast grants of authority that labor unions have received in the last decade, the ordinary citizen now faces a situation where, as we saw only a few weeks ago, one or two individuals, free of virtually all legal responsibility, can completely cripple the economic life of the nation. We have sown the wind; we are now reaping the whirlwind. As citizens with a great stake in this labor union problem, what are we going to do about it?

Resulting Class Cleavage Endangers Our Republic

The strength of the American Republic in the past has rested on the fact that we have divided on vertical rather than on horizontal lines on public questions. Pressure groups, however, result in horizontal class divisions. Their activities create class consciousness. Hence the labor union problem from the standpoint of the average citizen is not primarily the question of whether wage costs go up and prices increase. The basic issue is far more serious than that. What should give us real concern is the ominous rise of class consciousness, engendered by legalized labor union activity of the type that I have just described. For class consciousness, when it gets sufficiently sharp and acute, always spells the end of democratic self-government.

Events in the United States in recent months have paralleled far too closely for comfort and complacency what happened in Italy in the early 1920's. The economic life of that country was disrupted time and time again by strikes of every description. In some cases the unions even seized factories and tried to run them—with lamentable results. A man named Mussolini, who, interestingly enough, called himself a socialist at that time, offered to bring order out of chaos by knocking the heads of the offending parties together. His efforts drew support from all classes of the population which was sick and tired of tumult and disorder. Temporary order was secured, but at what a price—the ultimate loss of practically every vestige of personal and political freedom! So what the ordinary American citizen has at stake in the present labor union crisis is the saving of popular self-government—the preservation of our freedom.

Government Control of Economic Life Means Dictatorship

Obviously there are only two ways by which the economic life of a nation can function. It can be made to work by the exercise of governmental authority. But the trouble is that that course inevitably leads to dictatorship, as it did in Italy, and the loss of all the other freedoms—political, intellectual and spiritual—that we hold so dear. Nobody in America wants that, although a lot of people have been behaving themselves in a way that will make governmental control inevitable if they keep on acting as they have. Just witness the legislation that President Truman recommended to Congress two or three weeks ago in connection with the railroad strike! It would actually have made him a dictator under certain emergency conditions!

Alternative Is to Fix Equality of Bargaining Power

The only other way to maintain stability in our economic system is by establishing equality of bargaining power between the different private groups of which our complex economy is composed. To attain such equality of bargaining power three conditions are essential: First, responsibility and authority must go hand in hand; second, all individuals and groups in the population must stand equal before the law; third, no organized group, whether in the field of labor or business, must be permitted to become so big and so strong as to acquire monopolistic powers.

We must not expect, of course, that the establishment of these three basic principles will cure all of our industrial trouble. A certain amount of economic friction, I think, is inevitable if we Americans are to remain free

men, politically, intellectually and spiritually. There are no labor disturbances in Russia because, as our own Federalist Papers pointed out in 1789, "Power over a man's support is power over his will." The Soviet Government exercises absolute control over a man's support. If he strikes, he loses his ration card, is deprived of his living quarters and has no place to look for other work because the government is the sole employer. As Mr. Matthew Woll of the American Federation of Labor said some time ago: "American labor wants no traffic with European despotism which has destroyed free trade unionism and free private enterprise, and has destroyed any voluntary form of collective effort in social, religious and economic fields."

Equality of Bargaining Power Vital to Our Freedom

So as a free people determined to remain free from dictatorship, we must establish the only alternative foundation on which we can carry on our economic life, which, as I have said, is to set up equality of bargaining power between the various economic groups of our population, by requiring that responsibility and authority go hand in hand; that all groups stand equal before the law; and that no group—no matter what its nature—be allowed to become so big as to exercise monopolistic powers. Special privileges acquired either by legislation or by hunger for power eventually create a state within a state, which destroys freedom. As Woodrow Wilson said: "The business of government is to see that no body or group of men, no matter what their private business is, may come into competition with the authority of society."

Unions Have Responsibilities with Management

No one is more willing than I am to acknowledge that management has failed at times to discharge its social stewardship in dealing with employees. However, it must be recognized also that organized labor in the United States has now come of age. It is no longer an infant industry. The arguments formerly used to justify legislation and judicial decisions granting special privileges to labor—because it was the underdog—no longer hold water. To preserve a free society there must be checks and balances on all groups: governmental, economic, educational, etc. Thus extremes are counterbalanced and reasonable social equilibrium is preserved, provided all men and groups stand equal before the law. The only alternative of an economic system in which there are checks and balances obtained by reasonable equality of bargaining power is, as I have said, outright government control. Neither business, nor labor, nor the public desires that. We shall, however, drift into some such situation if business on the one hand does not exercise intelligent social stewardship in its day by day decisions and if labor leadership is unwilling to accept legal and moral responsibility in its administration of all of the notable gains it has achieved in recent years.

One of the most grievous disappointments that I had as a member of the recent Labor-Management Conference was that labor leadership proved unwilling to bring forward a voluntary plan to eliminate disputes between unions themselves—in the face of which the employer is absolutely helpless. Since labor leadership takes that position, it becomes the duty of Congress to provide legal procedure for the resolving of inter-union

disputes with adequate penalties for violation of the decisions reached. As President Truman indicated to the Labor-Management Conference, strikes as the result of such controversies are indefensible.

Union Security Violates Principle of Right to Work

One of the most controversial questions in connection with the labor problem is the demand for so-called union security which takes several forms: the union shop, the closed shop or maintenance of membership. All involve coercion on the employer's part in compelling men to join unions or to remain union members on penalty of losing their jobs. The union shop, the closed shop and maintenance of membership all violate a fundamental American principle; namely, the right to work freely at a lawful vocation of one's own choosing. This right was regarded as so obvious and undebatable by our forefathers as not even to require specific mention in the Bill of Rights of the Federal Constitution. In the Turgot Edict of 1776 in France—which was well known to the authors of the Constitution—by which the industries of France were emancipated from the previous State monopolies, we find this affirmation: "God, in creating man with necessities, has compelled him to resort to labor, and has made the right to labor the first, most inalienable right of man." And early in our history a Justice of the Supreme Court stated that "there is no more sacred right of citizenship than the right to pursue unmolested a lawful employment in a lawful manner."

Democratic Processes Essential to Union Responsibility

The processes of democracy are hard to establish and maintain in any field of human effort. They can only be

preserved in the political sphere if the citizen is free to express his satisfaction or displeasure through the exercise of freedom of speech, freedom of petition, freedom of assembly and the secret ballot. How can the worker maintain his freedom if similar privileges are denied him through any form of union organization? Theoretically such rights may still exist under so-called union security; practically they do not. The actions of management are not only under legal control, but are regulated every day by the reactions of employees, customers, and stockholders. The employee may refuse to work; the customer may refuse to buy the product; the stockholder may sell his stock. In a free society it cannot be otherwise. Similarly, if the labor union is to be a real instrumentality for the preservation of human freedom, it must be equally willing to subject itself to appropriate checks and balances. Union members should be free to resign whenever they become dissatisfied without losing their jobs. Management should be free to employ any qualified individual whether he is a union member or not. Under such conditions few of the coercive or undemocratic racketeering aspects of trade unionism could long exist.

President Truman recently made the statement that he would much rather see a thousand insurance companies with four million dollars in assets than one insurance company with four billion; that he would rather see a hundred steel companies than one U. S. Steel Corporation; that he would rather see a thousand banks than one National City Bank. By the same token the American citizen would be far less likely to have his living interfered with by railroad strikes and coal strikes

and steel strikes and strikes in other basic industries, if *national* unions—not locals—were limited in size to a point where they could not exercise monopolistic power. Suppose, for example, there were three or four *national* unions of locomotive engineers instead of only one, and that collusion between these several national unions was prohibited by law—exactly as combinations in restraint of trade among individual manufacturers have long been illegal. Under such conditions the operation of all our railroads could never be paralyzed simultaneously by the dictatorial action of a single labor leader. Suppose there were three or four *national* coal miners' unions instead of only one such organization? By that very fact would not the chances of maintaining a certain amount of coal production at all times be greatly increased? Big unions are far more dangerous to the future of the American Republic than big business ever was. Their size must be limited so that they cannot wield monopolistic power, and their responsibility must be fixed by carefully thought out legislation—if our system of government is to survive.

Unions Must Be Subject to Same Social Controls as Other Groups

To those who argue speciously that different social controls should be applied to labor unions than to other groups, let me quote a great friend of labor, Justice Brandeis, who said: "Industrial liberty, like civil liberty, must rest upon the solid foundation of law. Disregard the law in either, however good your motives, and you have anarchy. The plea of the trade unions for immunity, be it from injunction or from liability for dam-

ages, is as fallacious as the plea for lynchers. If lawless methods are pursued by trade unions, whether it be by violence, by intimidation, or by the more peaceful infringement of legal rights, that lawlessness must be put down at once and at any cost."

Lord Moulton, the great English lawyer, asserted that there are three areas of human conduct: at one pole, the area of complete freedom—to eat what we want or to fall in love with whomever we please; and at the opposite pole, the area of legal control—such as laws against thievery and murder. The segment in between he termed "the area of good manners." Obviously, the more that labor and management can broaden this in-between area by voluntary adherence to high standards of conduct in which the public interest is placed above all group interests, the less will be the area of governmental intervention.

No Democracy Without Self-Restraint

Representative democracy is that kind of government in which self-restraint is substituted for external restraint. So if labor and business really want the spiritual, intellectual and political blessings that our Republic brings, both groups should conduct themselves accordingly. If management will universally do its utmost to make collective bargaining work successfully; if it will universally refrain from any semblance of unfair practices, such as labor union baiting in any form, or discrimination against any man who wants to join a union; if labor will relinquish its efforts for any form of coerced union membership; if the labor union will regard itself as an integral part of the business enterprise in

which it operates and give support to management in the intelligent handling of wage rates and the maintenance of production efficiency—only by such procedure can America remain the land of the free, in which our children will continue to enjoy the blessings of liberty long after we are gone. To attain these objectives, business men must exercise real social stewardship in their own enterprises and every citizen must make his or her voice heard promptly and effectively in the halls of Congress in favor of corrective legislation. The members of the women's clubs of America can render a great service in that connection if they will only recognize the dangers of the situation and stir themselves into vigorous action.

In clearing away the debris of a German bomb in an English countryside some years ago, an ancient sundial was uncovered. On that sundial was an inscription to which every lover of our free institutions should give heed: "Traveller, it is later than you think." Under the baleful influence of the irresponsible power now legally exercised by the labor unions, the tide of class consciousness in America is rising fast. We have no time to lose if the foundations of the Republic are to be preserved. It is later than we think.

