

Labor monopoly  
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... and Its Implications to a Free Society

[Address, Dec. 9, 1955 at NAM's 60th Congress  
of American industry]

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# LABOR MONOPOLY AND ITS IMPLICATIONS TO A FREE SOCIETY

AN ADDRESS BY

DR. LEO WOLMAN

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Dec. 9, 1955, at NAM's 60th Congress of American Industry.

**T**HIS ISN'T AN EASY SUBJECT, PARTICULARLY when you are sitting with lawyers — and I guess there are some in this room. The first step, then, is to dispose of the law.

I am not a lawyer and shall not begin by trying to define "labor monopoly". That is a losing game. If you try to define it, you may discover there isn't any such thing, and that is true of any monopoly.

If any of the agencies that survey public opinion polled the people suspected of being monopolists, all actual and potential monopolists would deny any interest in monopoly. If they were asked a second question, "Do you believe in monopoly?", they would all say "No" again. So you can't approach the subject from that point of view.

Labor monopoly is a unique form of monopoly, because it is the only form of monopoly which is admitted to exist. The acknowledged purpose of the organization of labor is achievement of monopoly through the reduction or elimination of competition in the labor market. I don't see how that can be denied.

Labor monopoly is unique in another respect. Its position under the law is different from that of any other form of monopoly. As you probably have heard, monopoly is frowned upon by several agencies of our Federal Government. This is practically the only government in the world in which

that is true. We are always taking steps to curb monopoly or to prevent monopoly.

But, in the case of labor monopoly the law is altogether different. The leading decision of the U. S. Supreme Court on the issue of labor monopoly says that monopoly, when practiced by labor in its own self-interest, or what it conceives to be its own self-interest, is not unlawful. But if labor practices these things (again in its own self-interest) *in collusion with employers, then it is illegal.*

When you are a labor union and you make up your mind that what you do — which is unlawful to everybody else — is in your own interest, it ipso facto becomes lawful. You must admit that is a flexible view of law. Whether it is a wise view is, of course, another question.

Now, let's consider some general principles which have some relevance to this question.

There is first of all such a thing — though we don't hear much about it — as the public interest.

There are private interests and public interests, and private interests often come into conflict with public interests; and when that is so, somebody has to protect the public interest.

I have never made a poll, a count or census, but I am of the opinion that the number of people in this country who know anything about the public interest, or think about it, or think it is their problem to protect that public interest, is constantly diminishing. That is why we let a thing like labor monopoly run its course, and allow it to become a more and more powerful monopoly all the time, though we know — if we study the question — that that development is against the public interest by any standard of the public interest that one could conceive.

I am also concerned with certain things that seem to be fundamental to the type of society we live in and wish to preserve. And if they are not, then I don't understand our society. And if they are not, then I am inclined to think this society will not long survive in its present form.

There are certain basic principles of human conduct and human rights which are fundamental to the American scheme. It is these principles which demand our attention, understanding and support.

It is one thing to say there is a labor monopoly, but quite another to show what the existence of that monopoly means in practice. There are three or four things which happen when you are monopolistic, the kind of things you can do when you are a monopoly and possess monopoly power. The more of a monopoly you are, the more successful you are in doing

these things which *first*, are contrary to the public interest, and *second*, undermine the fundamental principles of our society.

### *Force as a Manifestation of Monopoly Power*

The first thing you can do when you are a monopoly — and I throw this out for lawyers who are trying to define monopoly — is that you replace persuasion, and like methods, with force. You use force where, if you weren't a monopoly, you would be unable to use force.

Now everybody knows what force is. It is compulsion. You compel people to do things. You apply physical and moral force.

You must admit that force is more effective than familiar forms of argumentation. But whether force is a legitimate means of getting things done, whether it is the way we want to run our society, is quite another matter.

Now I have read what you've read: that there are a lot of people who are non-union — who they are I don't know. They are a woebegone lot of people who sat through these 20 years with this golden opportunity before them and failed to seize it.

There are probably some 33 million of these unorganized folk. They are part of the non-agricultural labor force of 50 million; 17 million are in unions, 33 million are out.

Everybody knows that these 33 million non-union men and women are a thorn in the flesh of organized labor. The combined AFL-CIO has put them first on the agenda of union business.

Unionizing them is the first objective of this new labor federation, because obviously, the merged unions are sure they cannot thrive unless all — or a major fraction of these 33 million — join unions and the faster they get in the better for everyone.

Now it is perfectly clear that no one will consult these 33 million people individually about their fate. That takes a long time. Anyhow, it is not easy to persuade individual Americans to do anything they dislike.

So there must be a better method. And that better method is force. You think this is an invention of mine? I want to disabuse you of that. Here is something I clipped out of the paper<sup>1</sup> today, about this effort — and "effort" isn't the word, but I want to use it first, because it's a milder word.

The other word is "campaign", which is probably more descriptive of what people have in mind in describing this effort or campaign to bring

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<sup>1</sup>New York Times, Dec. 9, 1955, pg. 21 (Mr. George Meany)

these 33 million people who have so far stayed out, into this union organization. This new joint organization has no interest — and that I needn't tell you — but the public good. Here is the way it is described:

*"This is not going to be any milktoast movement". (What will it be? — you might think I invented the campaign, but I didn't—) "We are going to seek these things in a militant manner". (Now militant is related to military in some form or other, and that's related to force — at least, so I was brought up to believe—) . . . "in the militant manner in which our organization was founded."*

Well, those are very important words, aren't they? They mean what they say, too. No subterfuge about this.

Of course, after having used those words, they suddenly remembered it didn't sound quite right, so they said they will do it by legal means. Well, *"milktoast"* and *"militant"* and *"legal"* all just don't go together so well.

Here's another one, from one of the great leaders.<sup>2</sup> He specifies what is going to be done.

He says, *"Let's take on the chemical industry"* ("take on", mind you — that's a peaceful idea)—*"take on the chemical industry, and let's say to duPont"* (of course, if you are going to say anything, you might as well say it to duPont) *"as we said to General Motors, as we said to Ford and to other corporations, 'You are in line and we are going to organize the workers in these plants'."*

Well, I don't know if you remember what they said to General Motors but you know what they did — first General Motors, then Ford, Chrysler, and others — they closed the plants, took possession of them. You remember that. That's not such a long time ago.

That doesn't sound peaceful to me. That sounds like force. If you have power, you can use force. If you don't have power, you have to resort to more peaceful, or what we call legal methods.

There isn't anything legal about force. It's against the law, and that's something I want you to bear in mind.

When you are a monopolist, you violate the law by becoming a monopolist, and you violate the law by the exercise of your monopolistic powers. You apply force where other means don't work effectively. We have seen a lot of that in this country.

Among these other statements — and I didn't clip them all because there are too many — was the fact that one part of this great country of

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<sup>2</sup>Loc. Cit., pg. 22 (Mr. Walter Reuther)

ours is quite backward. I don't know whether you have been there lately — but it is a backward part of the country. I have gone there and I never knew it was backward until I heard it described that way — and that is the South.

I have a kind of affinity toward it, but though it is backward, as they say, it has grown very fast, been industrialized faster than any other part of the United States, according to statistics.

The South obviously has to go. The South can't go its own way. That is obviously not to be permitted in the future. So, force will be applied to the South.

Now when you think of force in a region like the South, which is a tolerably large region, well-populated, you don't just go in and exercise force, but you experiment with it a little bit before you really see what kind of force is going to be most effective. For when you use force you have several alternatives at your disposal. I am not an authority on this, but I have heard a little about it.

In this past year, force was tried in a couple of places quite successfully. There is the Louisville and Nashville Railroad, a good old road, but mistaken, not knowing what was good for the welfare of its people.

They offered their employees, members of the railroad's non-operating unions, the same benefits that the union wanted, at a lesser cost to their employees.

Now, that's unadulterated gall, you'll admit that—to offer the same benefits at less cost. And the union wouldn't even let them put the offer to a secret ballot. The Louisville and Nashville was struck.

And when you strike, how do you strike in this country? We are a peaceful country. Well, you use a stick of dynamite occasionally, just for the moral effect.

If there is a bridge that gets in your way, you do something about it. A Diesel engine is a delicate piece of apparatus. If you fool with it too long, it may not work, and its reconstruction is a tolerably expensive thing.

Well, they defeated Louisville and Nashville. By persuasion? Not in my reading of the record.

Earlier this week a reporter for one of our great newspapers in New York City, spoke to an anonymous organizer of this new federation of labor. The organizer said that the white collar workers had to be unionized — and you know the white collar workers are a very big part of the 33 million non-union employees. He agreed that much was done to organize

them during the last 20 years. But the campaigns were unsuccessful. Consequently, it is necessary to re-think the methods and to devise more effective ways of proselytizing the white collar people.

That is a curious thing, I think, to say in this country. Is there on the record a petition from white collar workers in this country to this new Federation of Labor, asking them to come in and organize them? If there is such a petition, I have never heard about it.

But they arrogate to themselves the duty of telling the white collar workers that they have to come in — and that's not going to be peaceful.

We had examples here in Wall Street, with the unionization of men and women who worked for stockbrokers. In the violence that attended this activity, such related workmen as longshoremen played a prominent role as persuaders and pacifiers.

### *The Use and Misuse of Bargaining Power*

Now this is only one way of using the force that grows out of monopolistic power. There are other ways. Take, for example, the practice of collective bargaining. Unions are organized primarily, if not solely, for the purpose of collective bargaining.

That's what they are for. You read about inequality of bargaining power. Trade unions are supposed to restore equality of bargaining power.

What is collective bargaining? It is a free, voluntary process, if it is anything at all. It's a process of conversation, of give and take. It is not force.

If you look at collective bargaining in this country as it is widely practiced in 1955, it's not collective bargaining, but the use of force. It is not collective bargaining if you go into a room and say to your adversary — in this case the employer — "This is it, or we go out".

There is no bargaining about that. It's a kind of conversation, but not the kind of conversation that anybody has in mind when they talk about collective bargaining. It is a matter of force. "You do it this way, or we don't take it."

Last night I was reading something about a Borg-Warner case. You all know Borg-Warner. This company was bargaining with a union, and in the negotiations, they asked for two things: one was that they didn't want to bargain with the national union; they wanted to bargain with a local union.

The second demand was for a secret strike ballot in which the employees would vote on the employer's last offer before they go on strike.



Two simple things. There's some reason to both of them. Borg-Warner may have been wrong in asking for them, but who can say who is wrong or right about these matters? The union turned them down. Borg-Warner insisted and the union complained to the National Labor Relations Board.

The union charged that Borg-Warner, by insisting on these two concessions, was not bargaining in good faith, as it is required by law to do. The Board agreed that the company was not bargaining in good faith, but listen to the language — this is an adaptation taken from the United States Bureau of Labor Statistics — "The employer's demands were not unlawful", the Board said, "but the employer violated the law by being adamant".

You know what "adamant" means. Now get that — it is not unlawful to say "We want this in a contract", but if you get adamant about it, you know, kind of rigid, kind of obstinate, why, that is obviously not bargaining in good faith.

Bear that in mind, and look back over the Ford and General Motors bargaining. When Ford didn't want what the union wanted and offered them something else — who got adamant then? A lot of good it would have done Ford to be adamant — they would have been "adamant" out on the street.

Since we have reposed so much faith in collective bargaining, it is well to recognize that the more labor monopoly there is, the less genuine bargaining there will be.

You are all familiar with the process. The union says, "This is what we want. If you don't give it to us, it's too bad. We feel very friendly. We both have the same objectives, which is to make this a greater country than it ever was before. Down at the bottom of our hearts we feel terribly cooperative with you. There is nothing we would rather do. But on this matter we are adamant. Take it or leave it."

Now you think this is new? This is not a new development. It happens over and over again. Take the United Steelworkers, for example — a wonderful union, one of the most reasonable agencies in the country. They called a strike in 1949, and the President appointed a fact-finding board.

That was when we had a President who had boards. Now we have a President who doesn't like boards. That's just as well.

The issues went to the board, and the board got a petition from thousands of steel fabricators who happened by accident to be under contract with the same steel union.

And do you know what this petition said? — a pathetic thing to happen in this country — it said to the board, "Nobody has ever bargained with us. We have never seen the union. They make a contract with U.S. Steel, Bethlehem, and then they come and say to us, 'This is your contract'."

And that board, composed of well-known arbitrators, experienced men, always acting in the public interest, when they got that petition, they said — and it was the first time a board had said it — "That is correct. The union is not bargaining with these companies, and that's a violation of the letter and spirit of the law", as it certainly is.

### *Political Activities of Unions*

Let me pass now to a question that everybody is talking about and concerning which there is much confusion. I refer to labor and politics.

This has nothing to do with the question of whether the AFL-CIO, collectively or individually, can state their political position. Of course, they can. Nobody says they can't. You can't stop them if you try. But that isn't the issue. The issue is very different.

The issue is whether a labor organization, with money not its own, but the money of its members, can use that money in political campaigns, because the money wasn't contributed for that purpose — and they know very well it wasn't.

Not only that — but it's a violation of the law of the land. The law was amended in 1947 when the Taft-Hartley Act amended the Federal Corrupt Practices Act, putting the same prohibition on labor unions that is put on corporations.

But no one pays attention to the law. And that is another result of private power. When you have enough private power, you defy the law. The law doesn't apply to you, and you make no bones about it. You dress it up and say the law ought not to apply to you, because you are acting in the public interest.

Everybody in this country acts in the public interest! So all the talk about whether the AFL-CIO can say anything about politics is nonsense. Sure, they can, but the question is how do they use their money, their resources contributed by people who work and belong to unions. There are some 80 thousand local unions throughout this country—a ready-made political machine, the likes of which the country has never seen.

They can, without reporting it to anybody, without asking anybody's consent, turn that machine into a political machine to do what they wish

it to do. It promises to be one of the most potent political machines we have ever had in the United States, and it has not yet been effectively used.

### *Right-to-Work Laws and Individual Freedom*

Now I come to the last item: If this country isn't based on my freedom and yours, my rights as an individual and your rights as an individual, and anybody's rights, what is it based on? What distinguishes our form of government and our principles of government from anybody else's anywhere, if we destroy individual liberty?

Now we have 18 states in this country that have passed "Right-to-Work" laws. Maybe you don't like the name. I don't think the name matters. These laws simply provide that no one can force a man to stay out of a union or force him to join a union, as a condition of employment. Nothing could be fairer than that.

Well, you will be surprised to see how much money and effort and political shenanigans are going to be put into getting rid of those laws.

Why? Are they bad laws? What do they do? They protect the right and freedom of an individual to make a choice about something which is one of the most precious things he can possibly make, a choice about whether he will make himself subservient to an organization he doesn't like or not, in order to be permitted to work.

We have already done it on the railroads, and hundreds of people have been fired, men of long tenure, just because they don't subscribe to the notion that they have to join a union if they don't want to.

### *Uses of Monopoly*

So, ladies and gentlemen, when you talk about monopoly — and its existence can hardly be denied in this field — what you are really concerned about are the uses of monopoly.

And the uses of monopoly are the types of things I have enumerated: *First*, force, to get people into your ranks.

*Second*, the destruction of the thing that trade union organizations started for, and received all these legal sanctions for — namely, free collective bargaining.

*Third*, the use of the funds and resources of voluntary organizations for purposes that were never intended.

*Fourth*, the destruction of individual freedom.