Labor monopoly
(1958?)

LABOR and ANTITRUST

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The ultimate objective of those who cry out against "labor monopoly" is to put our unions under the federal antitrust laws.

Should this objective ever be accomplished, organized labor will be weakened to a point of almost complete ineffectiveness. National and international unions will be prohibited from bargaining for their members at the plant level and all traces of company-wide negotiating will be eliminated. All this will be done under the guise of monopoly busting.

Employees working for any of the multi-plant employers who dominate the American economy will be restrained from using their collective strength in bettering their wages and working conditions. Instead, workers will be forced to bargain directly with the plant where they are employed as if that plant was a separate entity, completely devoid of the employer's other interests.

For the great majority of organized workers, the enactment of such legislation will mean a return to the 19th Century when employers with vast holdings held tremendous economic power.

Propaganda Campaign

Those who would return to the so-called "good old days" have resurrected the charge of "labor monopoly" as a front for their real goal. If they can convince the American public that labor is a monopoly, then "protecting the public interest" will necessitate placing this "monopoly" under restrictions of antitrust legislation.

Like the phrase "right to work," "labor monopoly" is now being drummed into the public mind as the first part of this anti-union campaign. Both phrases are equally misleading.

As "right to work" has nothing to do with a worker's right to a job, "labor monopoly" has no connection with our nation's concept of monopolistic practices.

The American public considers "monopoly" a bad word. We say that monopolies are bad—whether created by business organizations or by business organizations in conspiracy with labor organizations. Too often, however, we do not stop to analyze the reasons behind our condemnation of monopolies.

Essentially, our argument with monopoly stems from the fact that competition is economically desirable and should be the major regulating force in a free-enterprise economy.

We oppose monopolies because we regard it as undesirable for a manufacturer to have complete control over a product, enabling him to raise prices above those prevailing in a truly competitive system. We say that such control enables the manufacturer to gain excessive profits at the expense of the public.

No Competition

There are, however, areas where we recognize the fact that competition among suppliers is undesirable. For example, we do not object to one supplier of electric power, a single telephone service or a one-ownership urban transportation system. Similarly, our patent laws give inventors protection against their competitors for a limited period of time.

In such areas, we do not ordinarily apply the epithet "monopoly," although in a technical sense monopoly does exist. We do not use the term because in these areas, the lack of competition is considered socially desirable.

The same type of thinking must also apply to the charge of "labor monopoly." If a labor union is to be considered an undesirable monopoly, it must be undesirable because it suppresses or destroys competition socially beneficial to our economy.

What type of competition does a labor union destroy? Competition among whom? These are questions that must be answered if the charge of "labor monopoly" is to be considered seriously.

Technically speaking, of course, any labor union is a monopoly in the limited sense that it eliminates competition between employees for the available jobs in a particular plant or industry. By concerted economic action, these workers attempt to increase the wage at which the employer will be able to purchase their labor.

If the monopoly concept is to be applied to unions—under this false notion—all labor organizations should be forbidden and replaced by periodic auctions at which jobs can be parceled out to those qualified persons willing to supply their labor at the lowest wage.

Unions must be eliminated, under this theory, because the very purpose of labor organizations is to limit the power of an employer to drive down wage rates and enforce substandard working conditions.

If this is not the type of com-

petition envisioned by those who speak the loudest of "labor monopolies," there would seem to be only two other types of competition they seek to encourage. These are: competition between unions to see which will supply labor at the lowest rate; and competition between employers in the sale of their products, based strictly on a difference in labor costs.

Neither of these alternatives will stand the test of careful scrutiny. No one really proposes to establish an economic system under which unions would compete with each other to supply labor at the lowest possible cost.

Reward the Efficient

No responsible social critic believes that competition among manufacturers should be carried on, not on the basis of relative efficiency or ability to produce, but on the manufacturer's ability to obtain the lowest possible labor rates. The social advantage of competition is that it rewards the most efficient producer and thus guarantees the optimum use of our economic resources. There is no social advantage to be gained by allowing manufacturers to compete on the basis of sweatshop wages.

Even harder to rationalize than the question of competition is the placing of human labor in the same category as any other commodity.

There are obvious social reasons for distinguishing between the purchase and sale of commodities and the employment of workers. The owner of a commodity is not selling an object that is part of himself. He is selling property.

If the owner of a commodity is not satisfied with the price he is offered, he can generally withhold its sale until a better price is offered. But the worker is not selling a commodity. He is selling a part of himself—his own skill, strength and energy. The value of his labor, if withheld from the market, is lost and cannot be recovered.

From a practical standpoint, the individual worker cannot withdraw his labor from the market for any length of time. Without a union, he is completely at the mercy of the buyer—his employer. Since the worker must support his family and eat each day, he has no alternative but to accept whatever is offered unless he has the protection afforded by collective bargaining.

Even if the laborer had a withholding power equal to that of his employer he would generally, in the absence of labor organizations, have little knowledge of the market value of his labor.

Prior to the advent of unionism, there never was such a thing as a market value of labor. This was partially attributable to the worker's lack of knowledge of the best available opportunities and also because workers cannot ship themselves to whatever place offers them the highest wage in the way the manufacturers can transport commodities.

Employer Monopoly

In the days before unions, because workers had no bargaining power there was no real competition. There was, rather, a genuine monopoly on the part of employers who could dictate the price at which labor was paid and who were not restricted by market conditions.

Until 1840, labor was considered a commodity comparable with any other product. As such, the courts held that an organization of workers to increase the price of their labor was *per se* a restraint of trade and illegal.

Beginning with the landmark decision of Chief Justice Shaw in the famous Massachusetts case of Commonwealth vs. Hunt (1842), however, the courts came to realize that the public policy against restraints of trade in commodities did not justify a ruling that the voluntary organization of workingmen was a restraint of trade and a monopoly.

This judicial recognition that the antitrust concepts do not apply in the labor market has been reinforced by repeated legislative action.

Section Six of the Clayton Act —passed in 1914—declares that "the labor of a human being is not a commodity or article of commerce" and that labor unions shall not "be held or construed to be illegal combinations or conspiracies in restraint of trade under the antitrust laws."

The Wagner Act set forth two basic reasons for distinguishing between a combination of businessmen to raise prices and a combination of workers to raise wages. The Act declared that the inequality of bargaining power between employers and individual employees depresses wage rates and that low wages are detrimental to the national economy.

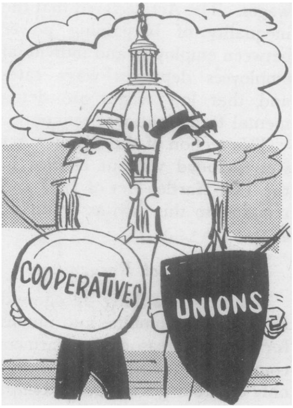
This section of the Wagner Act was included without change in the Taft-Hartley Act of 1947 and remains, to this day, as originally enacted.

Congressional Recognition

Congress has long recognized that workers combine into unions for the same reasons that farmers combine into cooperatives. Not only does our government exempt unions and cooperatives from the charge of restraint of trade, but it has encouraged their growth as in the public interest.

Because the worker and the farmer lack effective bargaining power when they stand alone in the market place, Congress has prescribed minimum wages and provided farm price supports. The legislative branch of our government rightfully considers that the national welfare demands safeguards for both workers and farmers against the impact of "pure" competition.

Those who cry out against "labor monopolies" know these facts. They are well aware that the monopoly concept is not applicable to labor unions because unions do not suppress the competition that our society considers desirable.



They also know that in those few cases where unions do cooperate with employers to restrain competition in the sale of commodities, these cases are properly subject to the present antitrust laws.

Disguised Union-Busting

The truth is that those who make the "labor monopoly" charge are not really concerned with competition or its negative counterpart, monopoly. Their real goal is the weakening of unions and especially those unions which they believe are too strong.

A typical example of this approach was the recent speech of Sen. John Marshall Butler (R., Md.) before the southeastern group of the Investment Bankers Association.

After stating that he would support legislation in the next Congress to bring unions under the antitrust laws, Sen. Butler proceeded vigorously to attack the United Auto Workers and Walter P. Reuther, its president.

Butler condemned the Auto Workers for calling upon the leading car manufacturers to cut their prices. He said this was another example of "Reuther's repeated attempts to secure participation in the pricing decisions of American business" and warned that such efforts "impose a threat to the maintenance of a competitive economy."

The *Wall Street Journal* also favors bringing unions under antitrust legislation. The *Journal* views strong national unions as an evil that must be corrected. A recent editorial entitled, "The Monopoly," blamed the revelations made before the McClellan Committee upon "the fact that the power of union leaders over both the public and the unions' own members has been for a generation unfettered."

The charge that labor unions are too strong is propaganda. No honest measure of the relative bargaining power of American employers and American unions will show that the strength of the unions is even equal to the strength of the employers.

Labor Still Behind

Whether we measure the strength of unions and employers by their assets or by the results that they have been able to achieve, the comparison must show that there is no truth to the charge of overwhelming labor power.

It is obvious that the assets of even such a union as the United Steelworkers of America cannot be compared with the assets of a single company like the United States Steel Corporation.

Nor do the results of economic bargains which have been made between American unions and employers support the charge of economic power. No responsible economist can claim that there has been an unjustly high distribution of wages to workers in recent years as against the distribution of profits to industry.

There are, of course, some few instances in which the strength of the union is greater than that of an individual employer. But this is usually countered by the development of employer associations which, incidentally, have not been charged with monopoly although their activities run far beyond collective bargaining.

One of the essentials of our free economic system is that we do not have government interference to redress every individual instance of economic imbalance so long as there is no general pattern of disequilibrium.

The real question behind the "labor monopoly" charge is whether or not organized labor exercises too great an economic power for the public interest.

The only answer to this question is that America's unions do not have this excessive power. Our nation's industrial scene is

not one in which poor, downtrodden, profitless business enterprises have lost every last penny to greedy labor unions.

Wage and profit statistics paint a contrary picture for our economy as a whole. In fact, these statistics show that only a minority of all our nation's wage earners are organized and many of these are organized in unions which cannot begin to match the economic power of their employers.

Even in those particular industries in which the large unions engage in company-wide bargaining, there is no data to support the charge that these unions have equal economic power with their opposite numbers at the bargaining table.

The "labor monopoly" charge against American unions is false from every viewpoint. The "labor monopoly" gimmick is no more than a different label on the old box of anti-union tactics still being peddled by the salesmen of reaction.

Reprinted from

IUD DIGEST, vol. 3, no. 1, Winter 1958.

INDUSTRIAL UNION DEPARTMENT, AFL-CIO, 1958?

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