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LABOR UNIONS AND THE PUBLIC INTEREST

Introductory Remarks by
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As we open tonight's discussion it may be helpful for me to cover two points:

First, to remind you of the background of our current issues of national labor policy, and

Second, to outline a few of the questions involved in appraising the impact of labor unions upon the public interest.

I

We have labor unions because we are an industrial society. During the last century the industrial revolution and the disappearance of the frontier transformed us from a nation of independent farmers, artisans and shopkeepers into a community of wage earners. The same forces gave rise to vast mines, mills and factories and to corporate aggregations of property. In such a world the worker dependent upon the sale of his labor faced four major problems:

(1) The individual worker was helpless in dealing with a large corporate employer. Being dependent upon his labor for his daily bread, he was forced to work at the wage the company offered. On the other hand, since it seldom needed the services of any particular worker, the corporate employer could usually say, "Take the job on our terms. If you don't, there are plenty of others waiting."

(2) Job security became a major worry because employment provided the wage earner's only source of livelihood and his only hope of self-advancement.

(3) Gathering thousands of employees into integrated factories concentrated vast power in the hands of the managers and their subordinates—a power all too easily exercised in arbitrary fashion. Workers needed rules restraining unfair or arbitrary action.

(4) Men began to lose the pride of accomplishment which characterized the ancient artisanship; they were reduced to routine tasks and saw themselves becoming mere units of labor.

Every industrial society faces these problems. Some countries adopted extensive social legislation. Others turned to nationalization or even to violent revolutions. In the United States the traditions of a frontier community bred distrust of government and confidence in self-determination. The fluidity of society prevented the growth of a class-conscious proletariat. The success of the American dream deterred reformers who sought to remake society. American workers

gradually turned, therefore, to self-help within the existing economic system. They formed labor unions in order to substitute group strength for individual weakness in dealing with employers. By collective bargaining they sought to raise wages, improve working conditions and obtain a measure of security.

By collective bargaining they also sought to regain the opportunity to participate in decisions affecting their industrial lives just as all of us participate in self-government through elected representatives. Organizing the unorganized became the union worker's creed. He looked to the strike, the boycott and the picket line as his primary weapons.

II

Until 1937 or 1938 the great issue of labor policy was whether the American people would accept labor unions and collective bargaining as the solution for the problems of the workers in an industrial society. Employers did not take kindly to labor unions; some companies fought them with every weapon that lay at hand. The enactment of the original National Labor Relations Act in 1935 marks the resolution of the issue. The statute guaranteed employees three rights:

(a) The right to organize labor unions without interference by employers,

(b) The right to bargain collectively, and

(c) The right to engage in concerted activities, *i.e.* to use the weapons of strikes, boycotts and picketing.

It also forbade employers to interfere with the formation of labor unions and compelled them to engage in collective bargaining with any union designated by a majority of their employees. When the Supreme Court upheld the constitutionality of this legislation the United States became committed to labor unions and collective bargaining as our American solution for the problem of workers in an industrial world.

III

By the end of the war labor unions had become enormously powerful. The country was alarmed by an extraordinary wave of strikes. The old National Labor Relations Act — the Wagner Act — did nothing to curtail oppressive union tactics such as secondary boycotts and mass picketing or to prevent wasteful jurisdictional strikes. It manifested little concern with how collective bargaining worked or with the way in which labor contracts were administered. It provided no solution for the critical strikes threatening the national health or safety. I do not mean to imply that these were the only issues raised by the Taft-Hartley debates. There may have been need to correct some of the excesses of the old National Labor Relations Board. There were still die-hards who had never accepted the national commitment to strong unions and collective bargaining as the foundation of national labor policy and whom some of us believe had too large a part in writing

the Taft-Hartley amendments. The point which I wish to emphasize, however, is that during the Taft-Hartley debates the attention of both the public and the Congress was focussed primarily upon the relationships between employers and labor unions. Their dominant concern was (1) to outlaw improper strikes and boycotts which were regarded as improper and (2) to improve the workings of collective bargaining so that it would result in more peaceful settlements and fewer strikes.

It is the fear of a strike which forces management and union to negotiate an agreement. The economic waste and human suffering which result from a long strike are the price of a free economic system. We shall have strikes, therefore, as long as we have collective bargaining, but the record of the past ten years has been good enough by and large to shift the focus of attention from the direct dealings between employers and labor unions to less familiar issues.

IV

One group of emerging issues concerns the relationship between labor unions and individual workers. In our concern for protecting union organization and reducing disputes between labor and management, have we neglected to ask whether labor unions are truly faithful to the ideals which gave them importance? The McClellan Committee hearings have produced evidence of misconduct by the officials of a few unions ranging from embezzlement to illicit secret profits. There are also signs that some union members look upon their unions simply as service organizations to which they pay dues in return for higher wages, pensions, insurance, holidays, supplemental unemployment benefits and other monetary advantages. Too few members attend meetings and a fair proportion, I fear, are indifferent to the conduct of their officials so long as they continue to get higher wages and larger benefits.

Possibly this is enough, but I wonder whether labor unions which act simply as paid service organizations are either fulfilling the needs of the workers in an industrial world or will be accepted by the community. Do individual men and women gain much by substituting a dictatorship of union officials for the erstwhile power of corporate bosses? If one of the aims of collective bargaining is to give employees a chance to recapture freedom and individual dignity by participating in decisions affecting their industrial lives just as we participate through our political representatives in the decisions of government, then must not steps be taken to insure democracy within the labor movement and to protect individuals and minorities against the oppression not only of officials but even of a numerical majority of the members? To put the point in a nutshell, can any but a democratic union help men to achieve the ideals of individual responsibility, equality of opportunity, and self-determination?

If this question has merit, then we should go on to explore five lines of inquiry:

(1) Should there be legislation making it plain that union officials are fiduciaries who owe an obligation to act solely for the benefit of the members and requiring them to give the members a more complete accounting of their stewardship? I have specifically in mind a financial accounting.

(2) As the law now stands a labor union may refuse to admit a man to membership for any reason good or bad or for no reason. In theory there is greater protection against unfair expulsion from membership, but doubts arise concerning its practical efficacy. At the same time, under collective bargaining every individual employed in the bargaining unit has a vital interest in the policies and conduct of the union which represents him, for he is bound by the wages and conditions of employment which the union negotiates with the employer whether he likes them or not. Does this condition necessitate legislation requiring labor unions to grant membership to all workers without discrimination and regulating both the grounds and procedures of expulsion?

(3) Is there need for laws regulating union elections? Should the law require a secret vote of the entire membership upon major issues in the conduct of union affairs?

(4) What, if anything, should be done about the trustees and receivers who international unions sometimes appoint to take over the affairs of local unions and run them without elections or even meetings of the members? Many of these receiverships have lasted for protracted periods and affected 20 or 30 percent of all the locals in a single international union.

(5) Can legislation be devised which would solve these problems without weakening unions or impairing their independence? Or would legislation meddling in the internal affairs of labor unions create such risks of turning them into mere tools of the government that it is better to rely upon the labor movements to police itself through such organizations as the Ethical Practices Committee?

V

Let me turn briefly to a second group of questions concerning the impact of labor unions upon the public interest. They revolve about the question, have unions become so powerful that they can and do negotiate contracts with employers which are against the long run welfare of the community. The argument is that when all the employees in an industry are represented by a single union like the United Automobile Workers of United Steel Workers, the union presents every employer with the same demand for higher wages and other benefits. Since each employer faces the same demands each knows that there will be a uniform wage increase. The large companies have no incentive,

therefore, to resist the union's demands and the small employers cannot stand up to the pressure. The result, the argument runs, is that the country suffered an ascending spiral of wages and prices ending in dangerous inflation. Those who espouse this view usually conclude that we need legislation curtailing the monopoly powers and practices of labor organizations. One suggestion is that there should be legislation outlawing industry-wide bargaining. Others say that labor unions should be subject to the same anti-trust laws which apply to business organizations. Still others find the remedy in a national right-to-work law.

At this stage in the discussion I shall not endeavor to appraise either the argument or the suggested remedies. Mr. Christensen and Mr. Thatcher have been requested to discuss them. It may be helpful, however, to suggest a few specific questions that you may wish to have in mind as the discussion progresses:

(1) Do unions really enjoy a monopoly power to injure the public by forcing inflationary wage increases or has the inflation of the past ten or twelve years resulted from price increases with employees simply struggling to keep up with the rise in the cost of living?

(2) Exactly what is meant by outlawing industry-wide bargaining? And what is meant by subjecting unions to the anti-trust laws? These general proposals require a good deal of definition before one can talk about them intelligently.

(3) Can the charge of monopoly power be levelled at all unions? We have strong unions like the United Automobile Workers and weak unions like the Textile Workers. We have tightly knit centralized unions like the Steel Workers and unions which allow great local autonomy like the Carpenters and Brick-layers. In southern factories, unions lack the strength which they exert in the industrialized north-east and midwestern sections. In talking about any monopoly power of labor unions one must ask where it is found and would be affected by the remedies.

(4) Finally, you might wish to ask a pair of related questions. If unions have brought about a dangerous inflation, but yet object to being brought under the anti-trust laws, what other remedy have they to suggest?

VI

Later I may succumb to the temptation to offer a few suggestions in answer to these questions. At this point, however, I know that you are anxious to hear the views of Mr. Thatcher and Mr. Christensen.