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LABOR UNIONS AND THE PUBLIC INTEREST— UNION POINT OF VIEW

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As an aftermath of the hearings before the McClellan Committee, anti-labor forces have again raised the charge in the public press and in the halls of Congress that unions today are too large and too strong for the good of the public and for the good of their own members, that they have become monopolies and should be restricted by law in one way or another, preferably by putting them under the anti-trust laws and by enacting national right-to-work legislation. The public little realizes the true facts of the situation, and it may be well at this time to set the record straight.

In the first place, organized labor, as such, is neither so big, so powerful nor so rich as these anti-labor critics would have the public believe. At the present time, only one-third of the organizable work force in this country is organized into labor unions, either AFL-CIO or Independent. *Not* included in the term "organizable work force" are farmers and farm labor, individual businessmen, domestic help and all professional and executive supervisory personnel. In terms of receipts and assets, the AFL-CIO, as such, received less than ten and one-half million dollars during its last fiscal year which are comparable to the receipts of a good size department store, and which, of course, in no way compares with the receipts of the giant corporations which run into the billions. A few years ago the magazine "Business Week" estimated that the total assets of all labor unions in this country were around a billion dollars. Compare this with the total assets of American corporations of 185 billion, or, to compare a single union with a single company, compare the United States Steel Workers' total assets of 20 million with the 3 billions of assets of United States Steel. At the time of the Westinghouse Electric Company strike a few years ago, the company had an estimated 350 millions in cash and United States Bonds on hand, while the IUE had less than 500 thousand.

Furthermore, it must be remembered that the AFL-CIO, as such, does not engage in bargaining and has no power to call strikes. Actually, the AFL is composed of 140-odd autonomous national or International Unions which, for the most part, do no bargaining of their own, that is, as International Unions. These Internationals, in turn, are broken down into 60 thousand local unions, most of which do their own bargaining under 100 thousand different collective agreements and in every conceivable type and size of bargaining unit.

Thus, it is seen that organized labor, as such, is neither a monopoly nor does it bargain or call strikes through individual national unions or in any bargaining unit which can be said to be monopolizing the labor market.

Let us define a little more closely what is meant by this talk of unions as a "monopoly". No union or group of unions, national or local, controls the manufacture, production or sale of any particular product, with the consequent ability to eliminate price competition which is characteristic of business monopolies, and which it is the purpose of the anti-trust laws to prevent.

If, on the other hand, by "monopoly" it is meant that unions control or seek to control the labor market or the price which is paid for labor so as to permit the elimination of wage competition as distinguished from price competition, then it may be true that in at least some industries, although by no means generally or in most industries, labor has, or at least seeks, that power. But it is one of the ultimate objectives of any union to seek, through the spread or organization and through collective bargaining, to eliminate cutthroat wage competition and to achieve minimum standards or prices at which labor will be sold; our society has never considered restraints in wage competition to be on the same plane with restraints on price competition. The former results in social good, the latter in social evil.

It has been the American tradition and concept that manufacturers and producers and employers generally should compete and prosper not on the basis of substandard wage structures or on their ability to obtain a competitive advantage because of their ability to get by with starvation or substandard wages, but rather on the basis of efficiency, productivity, better sales techniques, and the like. This tradition and concept has found expression both by the Congress of the United States and the Supreme Court of the United States. Congress, in the Clayton, Norris-LaGuardia, Wagner and Taft-Hartley Acts, have expressly affirmed the principle that the sale of human labor is not to be considered the same as the sale of a commodity, and that it is the business of a labor organization, through the process of organization and collective bargaining, to eliminate substandard wages and competition based on substandard wage rates. The United States Supreme Court, speaking through such great Chief Justices as Taft, Hughes and Stone, have restated the same principle in the landmark decisions of *American Steel Foundries v. Tri-City Council*, *National Labor Relations Board v. Jones & Laughlin*, and *Apex Hosiery v. Leader*. In the latter case Chief Justice Stone made the following explicit pronouncement:

"Since, in order to render a labor combination effective it must eliminate the competition from non-union made goods, an elimination of price competition based on differences in labor

standards is the objective of any national labor organization. But this effect on competition has not been considered to be the kind of curtailment of price competition prohibited by the Sherman Act."

Accordingly, those who speak against unions simply because of their size or monopoly powers in respect to wage competition, in reality are arguing against the very principle of unionism and logically should demand legislation outlawing all unions, so that the country can turn to an economy where competition is predicated on the ability of the producer or employer to pay the lowest possible wage.

The reasons why restraints in wage competition cannot be compared to restraints in price competition are simple. The first and most important reason is that the labor of a human being is not an article or commodity of commerce. When a worker sells his labor he sells an individual part of himself. Unlike the seller of a product, he cannot store what he has for sale while waiting for a better offer, he has little chance to know his true market value, he cannot ship his product from place to place to obtain the best prices, and in his field the supply usually exceeds the demand. Furthermore, most economists are agreed, as Henry Ford very early observed and practiced, that industry itself cannot thrive and prosper unless the wage earner is well paid for his labor, so that he can buy this Nation's products.

Those who are hostile to organized labor make the further charge that because of organized labor's power to set wages, "big" industry and "big" labor can get together to gouge the public, the employer being indifferent to the size of the wage increase so long as his competitors are also going to have to pay it and, in turn, being able to make the public pay for the increases through increases in profits. While, as will be seen, it may be true that some big employers are inclined to pass on wage increases to the public in the form of increased prices, organized labor is in no way to blame.

First of all, insofar as any deliberate collusion between any big union or big employer is concerned to obtain wages which will force the employer to increase prices in order to maintain profits, there has been no concrete proof of this charge in any industry. On the contrary, a little thought will indicate that it is inherently impossible for unions to engage in any such general practice. In the first place, workers themselves are consumers; indeed, they constitute the greatest single segment of consumers in our economy. Certainly, they do not want or would not long stand for a condition under which their union is responsible for their having to pay higher prices; a wage increase means nothing if it is immediately reflected in higher living costs.

Second, as anyone who is engaged in collective bargaining on the union side must know, there is an inherent limit on the amount of

increases which can be requested based on the employer's ability to pay and reasonable profit requirements. Union members like any other seller of a commodity, be it labor or a product, cannot afford to price themselves out of the market. It is the objective of unions to improve the jobs of their members, not to destroy them.

Finally, statistics have shown that, by and large, wage demands and wage concessions have kept within the area of increase in productivity, that is, within an area which will permit an employer to absorb wage costs and still maintain reasonable profit levels without any need for increasing prices. This area is created when output per man hour of work has arisen in a sufficient amount to absorb wage increases. In the American economy output per man hour of work has been increasing for many years and in recent decades and at an increasing rate due to the onset of automation. During the past 50 years the amount of goods or products achieved per man hour of work has increased on an average of $2\frac{1}{2}\%$. In the last decade it has risen on an average yearly rate of $3\frac{1}{2}\%$. During this same period, average unit labor costs have risen only 2% per year. Thus, as long as wage increases result in unit labor costs which are within the area of increase in productivity, industry can absorb the increase without lowering its profit levels or increasing its prices.

Improved productive efficiency arises from a variety of social and economic factors. The heritage of scientific and technological knowledge and the school system that passes on that heritage to the younger generation make an important contribution to rising productivity. So do economic competition, trade union pressures for wage increases, and growing consumer markets for goods and services that provide an incentive for companies to invest in technical research and in new machines and production processes. It is the application of technological change and know-how, rather than sweatshops and speed-ups, that makes for continuing productivity improvements. As a result of all this, output per man hour has doubled since 1933. The answer, then, to the troublesome question of whether there will be no end to the continuous round of wage increase demands is that there need be no end as long as there is room for wage increases in the area of increases in productivity. Thus far, our economy has proven that there is this room and that labor has not projected its wage demands so that they exceed the ability of industry generally to absorb these demands without increasing prices.

What, then, is the reason for our ever-increasing prices. One answer would appear to be the refusal of some segments of big business to absorb the wage increases they have granted within the area of increases in productivity or even within present and anticipated profit levels. Let us take, for example, what the United States Steel Corpora-

tion did after the conclusion of the last wage negotiations with the United States Steel Workers in 1956. The total cost of all the negotiated wage and fringe improvements which United States Steel had committed itself to pay to its workers during the year 1957 amounted to approximately 50.5 million dollars. Yet, in spite of 1956 profits *after* taxes of 348 millions, and in spite of projected, and later proved to be actual, profits *after* taxes for 1957 of 420 millions (an all time high), the United States Steel Corporation raised its steel prices three times between the middle of 1956 and the middle of 1957, namely, \$8.50 per ton in August of 1956, \$4 to \$5 per ton at the end of 1956, and \$6 per ton in June, 1957. Actually, the company could have absorbed the entire cost of the wage and fringe increases and have reduced instead of raised the steel price by \$6 per ton, and still have made the greatest net profits after taxes in 1957 in the company's entire history. Under those circumstances, query who the finger should be pointed at — big business or big labor?

The next attack by the anti-labor elements in this country is on company-wide or multi-employer bargaining. To begin with, there is no evidence to show that company-wide or multi-employer bargaining has any necessary effect in increasing prices. Secondly, there has never been any satisfactory answer given by these critics to the question of how any equality of bargaining power against an organization like General Motors can be achieved unless the union is able to bargain on the same overall basis and with the same unity and centralization as the company bargains. Similarly, there is no answer to the question of how to eliminate the drift of production to the lower labor cost plant, with consequent lessening of employment elsewhere, unless organization and bargaining are extended through all of the plants of a large employer.

Similarly, with respect to multi-employer bargaining, that is, bargaining in units consisting of a number of individual employers who have organized themselves together into an employer or contractors association, here, as elsewhere, unions, consistent with their overall objectives of eliminating competitive advantages based on wage advantages, necessarily must seek uniformity by achieving a standard level of wage rates among all competing employers. Furthermore, as illustrated by a recent study made at Princeton University by Professors Lester and Robie, it has been found that multi-employer bargaining does not restrain actual competition between the various employers and in no way seeks to limit the entry of new firms or lessen price competition. The study concludes with the statement that "Elimination of wage cutting has tended to stress efficiency of management as the most important factor in competition." Also, remember that uniform wage rates are not the same thing as uniform labor costs.

While under industry-wide, company-wide, or multi-employer bargaining wage rates may tend toward a uniform pattern, there still remains unlimited opportunity to compete for lower labor costs by increasing labor productivity through better personnel relations, better supervision, improved production planning, and more efficient use of machines, including automation.

A final "monopoly" or "restraint of trade" complaint which is sometimes levelled against unions is predicated on the efforts of some unions to resist labor-saving devices or mechanization and on the so-called "feather-bedding" practices of some unions. As to "feather bedding", it is to be noted that the Taft-Hartley Act, under Section 8(b)(6) thereof, expressly outlaws such practices, and Senator Taft, during his lifetime, saw no need for enlarging or strengthening the provisions of that section. Furthermore, unions themselves have been active in eliminating "feather bedding" or "make work" practices, as witness the recent national agreement between the Building & Construction Trades Department, AFL-CIO, and the National Contractors Association, under which specific commitments in this area were agreed to. As to the charge that unions resist mechanization or the introduction of various labor-saving devices, this, too, is a practice which is not only on the wane but also sufficiently safeguarded against under the secondary boycott provisions of the Taft-Hartley Act. In any event, this resistance to the use of labor-saving equipment and devices is a practice traditional in the building trades unions where employment is often sporadic and interrupted, and where the workers have learned the vital importance of preserving job opportunities wherever possible as a means of insuring a maximum of employment each year. Obviously, there are two sides to the question of whether it is right for workers to resist the introduction of labor-saving tools and techniques, and query whether it is good economy or good ethics to require the unrestricted introduction of labor-saving devices where the result is to cause or create stranded areas of unemployment. If those who cry loudest for outlawing union opposition to the use of labor-saving devices, methods or equipment were at the same time to suggest other legislation providing for displacement benefits for those workers who find themselves unemployed as a result of the introduction of these devices, the public, perhaps, would listen a little more sympathetically.

Critics of labor as a "monopoly" might well study the record of organized labor as a force for the public good, and take a look at labor's role in contributing to the economic health of the Nation through the establishment and maintenance of wage scales adequate to provide not only a decent standard of living but also the purchasing power necessary to absorb our ever growing mass of products. Those who complain about "big unions" make no reference to the contribution or-

ganized labor has made over the years to the welfare of the entire working population, both union and non-union, and the role of organized labor in promoting and sponsoring social legislation, legislation for the protection of civil rights, legislation in the area of housing and the like. If organized labor is a monopoly, it is a monopoly which spreads, not concentrates, the wealth of this Nation.

In the words of Professor E. E. Witte of the University of Wisconsin and President of The American Economics Association:

“Labor can properly claim that it more sincerely favors free enterprise than do many of those who try to pin the charge of monopoly on it. What labor insists upon is that human beings are more than commodities and that the welfare of the workers should not be determined solely by market considerations. It challenges absolutism on the part of management in dealing with workers, not free enterprise. Rather it is the strongest bulwark we have against the replacement of free enterprise by some form of socialism or communism.”

It is significant that those anti-labor elements of our society who clamor the loudest for putting unions under the anti-trust laws are the same who are demanding a national right-to-work law. They use the same arguments which, upon analysis, would logically bring Congress to the same conclusion, namely, that unions should be outlawed in their entirety rather than let them be strong and healthy. For the goal, and if not the goal the inevitable result, of either putting unions under the anti-trust laws or of enacting a national right-to-work law is exactly the same, namely, to weaken unions and reduce them to impotence.

Let us examine the right-to-work law arguments for a moment. To begin with, the very name “right to work”, like the motives behind those who sponsor such laws, is fraudulent. There is no “right” to work as such, that is, no employer is under legal compulsion whatever to hire any and all persons who apply for a job; on the contrary he can refuse to hire or can fire any person for no reason at all or on a purely arbitrary basis.

Furthermore, there is presently no requirement that a person must be a union member in order to obtain a job; the Taft-Hartley Act as presently written already provides that employers cannot hire employees solely because they are union members, and unions cannot require any employer to hire any person solely because he is a union member. Those who sponsor the right-to-work laws would go even further, however, and would prohibit any form of union-security agreement, even a union-security agreement in respect to which the majority of the employees, or 75%, or even 100% have voted in favor of a union-shop clause, and the employer is willing to agree to such a clause. To do this is to ignore the entire concept of majority choice

and to disregard a basic tenet of our democratic society. What the "right to work" proponents actually seek is a compulsory open shop which disregards the wishes of the workers involved, no matter what per cent might be for union security.

These proponents also conveniently forget that it is the law of the land that any wage increases or other benefits achieved by unions through the process of collective bargaining must be extended and made applicable to all of the employees within the bargaining unit regardless of whether they are union members or not and regardless of whether they have contributed anything to the costs of collective bargaining which, in these days of attorneys, economists, researchers, to say nothing of paid union officials, are considerable. If all workers are to share in the benefits of collective bargaining, certainly it is no more than fair to require that they share in the costs of achieving those benefits, particularly where, as proved during the time when union-shop elections were held under the Taft-Hartley Act, 90% to 97% of their fellow workers usually desire some form of union-security agreement. The individual worker who insists on his "right to work" as a non-union member, and at the same time demands and receives his full share of wage increases and health and welfare and unemployment benefits achieved through collective bargaining, is in the same class morally as the tax dodger who refuses to pay his share of the cost of government while participating in its benefits. Obviously, when the proponents of the right-to-work legislation would refuse workers even a chance to express their preference for a union-shop agreement through some form of Labor Board-conducted vote as a condition to the making of such agreement, their concern is not for the poor individual worker but to see to it that unions cannot grow and remain strong through the use of union-security agreements.

The third major point of attack by the anti-labor forces which have arisen as an aftermath of the McClellan Committee hearing is the argument that unions have become too big for the good of their members, and that legislation is necessary to insure democracy within the labor movement and to protect individuals and minorities against oppression from unions and their union leaders. It is claimed that protections are needed in the area of admissions to union membership, in the area of expulsions from union memberships, and in the area of elections and the conduct of union internal affairs.

While it is true that the McClellan Committee has uncovered some abuses, particularly in the field of the handling of union funds, it is far from clear that the criticism which has resulted from these hearings is applicable to unions generally or to the great mass of local and International Unions affiliated with the AFL-CIO. Furthermore, these critics often forget to mention the efforts of the AFL-CIO itself

through the promulgation of Ethical Practices Codes and the establishment of an Ethical Practices Committee to enforce such Codes. Again, the anti-labor elements are resorting to a few isolated instances of abuse to get the legislative foot into the door. Once the Congress has been permitted to regulate the internal affairs of labor organizations, there is no limit to the extent of the control which they may exercise. We have seen many instances of crookedness and corruption, theft and knavery, on the part of officials of banks and major corporations. But has there been a similar cry that the internal functioning of businesses be subject to the same controls that are now being proposed for labor — that the election of corporate officers, the manner of voting in stockholders meetings and in the meetings of Boards of Directors, and in the conduct of other internal corporate business be supervised by the Government?

Let's examine each of the areas in which proposals for legislation has been made. First, as to admissions to unions. With very few and fast disappearing exceptions, all unions permit applicants to membership freely and, indeed, gladly. Nowhere has it been shown, or can it be shown, that there has been any general practice or policy of unions to close their doors to the extent that thereby the public or the general mass of workingmen have been caused to lose job opportunities. On the contrary, unions are opening their doors more and more widely both by means of loosening rather than tightening their jurisdictional claims, and, more practically, in such matters as reducing initiation fees and liberalizing the individual qualification requirements. Certainly, there is no need for Congressional control in this area.

Next, in regard to the matter of expulsions from union membership, the writer of this article is familiar with the constitutions of most of the AFL-CIO International Unions and, indeed, has personally had a hand in the writing of a considerable number of them. All such constitutions that this writer has examined afford complete due process in the matter of expulsions and other disciplinary action taken or threatened against individual members, officers, local unions and other subordinate bodies. Certainly, no criticism can be levelled at the constitution of the Brotherhood of Painters on this score, and indeed, no constitution of any International Union has been brought to this writer's attention which can be criticized in this respect. In addition to the constitutional provisions guaranteeing due process in disciplinary proceedings, with few exceptions International General Executive Boards, in their capacity as appellate bodies, exercise extreme diligence to see to it that the procedural provisions of the constitutions are followed in all disciplinary cases, and that full due process of law is afforded every defendant. The notion that unions are arbitrary or dictatorial in the matters of expulsions or in disciplinary

proceedings against their members simply has no basis either in fact or in practice.

A few unions have abused their power of establishing trusteeships over subordinate bodies, but here again, this is far from the general rule, and most unions have a very great aversion to trusteeships as being overly costly, overly burdensome, and, in general, much more trouble than they are worth. Almost all constitutions that provide for the establishment of trusteeships also provide a limitation on the time in which a trusteeship can continue, or provide a means of periodically reviewing the necessity for continuance of the trusteeship, by hearings, petitions and the like. Again, overall conditions do not warrant legislation on the subject of union expulsions or disciplinary action.

Finally, on the matter of election of union officers or convention delegates, most of the present criticism is not justified. Almost all International constitutions call for secret ballot elections of local union officers or convention delegates, except that in respect to elections conducted at conventions where International officers are chosen, International Union constitutions are about equally divided between the secret ballot and the roll call vote, a number of Internationals preferring the roll call vote as a means of letting the home locals know what their delegates are doing. In addition, International constitutions and many local union constitutions require balloting on the matter of strike, acceptance of contracts and the like.

About the only area in which the McClellan Committee has had a healthy effect is in the area of the handling of union funds. But here again, the Ethical Practices Codes of the AFL-CIO, which most International Unions have adopted, have imposed all the additional safeguards which could reasonably be expected, and there is no need for legislative intervention.

We can best conclude this discussion by quoting President Meany's closing words in his recent testimony before the Senate Labor Committee which was then considering bills introduced by Senators Kennedy of Massachusetts and Smith of New Jersey, proposing legislation to regulate the internal operations of unions:

"May I ask that you keep in mind:

- "1. The great majority of the trade union movement and of its leaders are not crooks.
- "2. The majority must not be punished because of the sins of the few.
- "3. It would be criminal to adopt laws which would punish those who are the victims of the crooks by stripping their unions of their rights and powers.
- "4. The self-regulatory steps which the AFL-CIO has taken and is continuing to take will, in the long run, prove far more effective than some of the legislation already pro-

posed by those who do not understand the problems of workers or the operations of a trade union or even the temptations of the market place.

- “5. Finally, that for every crooked trade union leader engaged in the unsavory task of ‘selling out’ the workers there is a crooked business man. We urge that you move against the crooks, whether in business or in labor; that you not move against the labor movement because some crooks managed to infiltrate our ranks.”