

Labor Unionism, Two Views

If there was anything that characterized the Old Left it was adulation of labor unions and of the process by which the government has created, maintained, cabined, and confined these unions to its will. Government control inevitably follows government privilege, and, as in the Fascist or Communist countries, privileged unionism has become in effect a powerful arm of the State apparatus for controlling the labor force and the economic system as a whole. Rather than representing their members, union leaders have been coopted into the power elite, there to serve as transmission belts for keeping the workers under the control of the various governmental "guidelines" (an apt term.)

While the Old Left has shown few qualms about this sorry condition of labor unionism, those on the Left who are not bemused by statism--notably on the New Left--have begun to see clearly the despotic role that trade unionism plays in present-day society. They are beginning to see also that the supposedly glorious acceleration of unionism attendant on the New Deal privileges of the 1930's was only glorious if one's ultimate goal is totalitarian dictation over the labor force. One of the most perceptive analyses of this development has just come to light: in a widely distributed reprint of an analysis of modern unionism by the left-wing anarchist Sam Weiner.¹

Weiner begins by noting that the Great Depression of the 1930's saw the final liquidation of the private enterprise system and its replacement by the present system

1. Sam Weiner, Ethics and American Unionism (New York: The Libertarian League, 1958), passages reprinted in Leonard I. Krimerman and Lewis Perry, eds., Patterns of Anarchy (New York: Anchor Books, 1966), pp. 286-288.

of "state capitalist 'welfarism'". The CIO was the essential instrument, created by the government, in effecting this transformation, and in "overcom(ing) the resistance of old-line capitalism" and the old-line craft unions. Finally, the "conservative unionists (of the AFL) had adjusted themselves to the fact that 'welfarism' was here to stay" and the AFL and CIO were ready to unite in harmony for "maximum centralization of control over the working class." Weiner then sums up the essential nature of American trade unionism and the American economy, of the present-day:

The character and function of the North American unions have changed greatly. A State-regulated economy needs a State-regulated labor movement. The government will help the unions so long as the leaders can assure the smooth cooperation of a docile labor force. The "Welfare State" has come to assume ever greater social functions and has intervened on an ever-greater scale in the control of economic and social life. It regulates, and shows an increasing tendency to dominate the whole field of social security, business, labor, crop and price supports, public power, housing, etc.

This process was expanded and accelerated by World War II, the Korean war, "defense" spending, foreign aid programs, and the prosecution of the "cold war." The bureaucratic administrative apparatus kept pace with the expansion of governmental power. Individual liberty and local initiative have diminished as the State domination of society has increased. The individual has had less and less to say about his own life and interests as the Government prescribes, to an ever greater degree, the conditions under which he must live. This process continues inexorably, regardless of the political party in power.²

Weiner then goes on to point out that the increasing usurpation of governmental power over the individual in society, has been matched by a corresponding usurpation of power by the union bureaucracy over the individual worker, aided and abetted by control of welfare funds, "the vicious practice of industrywide 'collective bargaining' on a national scale, long-term contracts and the power to discipline dissidents among the members." Weiner concludes on this incisively penetrating note:

The State drives toward complete control of society.

2. Ibid., p. 287.

This is inherent in its nature. . . State capitalist "welfarism" is exploitation streamlined. AFL-CIO unionism is business unionism streamlined. The groundwork is being prepared for a future totalitarian society in the United States and the AFL-CIO already plays the role of "labor front" in the embryonic set-up. When the process is completed, as it will be if not stopped by working class resistance on a massive scale, the unions will end up by being as impotent as are the unions in Russia. During the whole period of the struggle against Fascism and "Communism", the basic features common to both of them have been or are being adapted for our own country.³

Now if there was anything that characterized the Old Right, it was its thoroughgoing hostility to any unionism privileged by the State apparatus: e.g. growing out of the NIRA or the Wagner Act. And yet it is instructive to contrast the foregoing brilliant denunciation of modern statist unionism by the pro-union Mr. Weiner with the recent lauding of modern unionism by the conservative editor, Dr. Howard Kershner, a long-time friend and aide of Herbert Clark Hoover. Dr. Kershner edits the fortnightly Christian Economics, a periodical supposedly devoted to championing the cause of a free-market economy. And yet we find in a recent issue Kershner worshipfully celebrating "The Statesmanship of George Meany!"⁴

What, we may ask, is the "high order of statesmanship," the "wisdom," the "great statesmanship," yea, even the "sound economics," that Dr. Kershner repeatedly and fawningly finds in George Meany? It boils down quite simply to this: that Mr. Meany has ever been willing and eager to place stringent maxima upon wage increases. In October, 1946, for example, Mr. Meany, along with William Green and the rest of the Executive Council of the AFL issued a report attacking any request for wage increases that would "break" price ceilings. Certain wicked unions outside the AFL (such as the steel union) persisted in ignoring the "wise" guidelines of that day and thus, according to Kershner, "started the wage-price spiral that has dogged the country ever since, resulting in the loss of 61 percent of the value of the consumer's dollar since 1946." Kershner then quotes from a statement by Meany that the AFL has always been opposed to basing wages on the "cost

3. Ibid., p. 288.

4. Howard E. Kershner, "The Statesmanship of George Meany," Christian Economics (April 19, 1966), pp. 1-3.

of living or on price inflation. The established wage policy of this country has been based on raising wages as increases in productivity made this possible. This is the only possible basis for an expanding economy with rising living standards." In short, as in President Johnson's "guidelines" today, wage increases are to be kept in line to correspond with the small general overall productivity increase, and never with larger price rises. Kershner exults over this Meany viewpoint:

This is sound economics. Mr. Meany is right. He occupies a strategic position in our country. . . Mr. Meany, you are the key to the situation. You have shown the statesmanship and the knowledge. We hope you will step into the breach and bring about a great reconciliation between workers and owners so that our beloved country may give the world a new and more impressive example of the great benefits to be derived from free market capitalism.⁵

Now, there is something very curious afoot here; as a devotee of free-market economics, Dr. Kershner should certainly be familiar with the fact that one of the great truths of that economics, taught in all the schools ranging from Ludwig von Mises to the Chicago School, holds that price inflation is always caused by an increase in the money supply. In particular, it is caused by bank credit expansion propelled by the central government. Price rises are not caused by particularly wicked groups in the market: by unions, businessmen, Jews, speculators, foreigners, or whatever, as governments have throughout history charged in order to take the blame and attention off governmental shoulders. Of all people, Dr. Kershner should be familiar with the statist trick of the guilty party (the government) demagogically leading the pack to pin the blame on some group within the society. Above all, he should not be playing this game himself. It should be clear to him that the wage-price spiral is caused by monetary inflation; yet monetary expansion is not so much as mentioned in the course of his paean to George Meany.

In fact, Kershner also displays ignorance of the important finding of such Chicago School economists as H. Gregg Lewis and Albert Rees: that the major effect of unionism and collective bargaining is to introduce rigidity into the wage-setting process. While it is true that during a depression this rigidity works to keep union wage rates higher than non-union rates, during a

5. *Ibid.*, p. 3.

boom the process works the other way. In short, during an inflation, the rigidity of union contracts and collective bargaining causes union wage rates to lag behind the rise in non-union rates.⁶ Hence, far from unionism being culpable for price inflation, the truth is precisely the reverse: union-set wage rates lag behind the free-market rates during an inflation. Hence the sober lack of hysteria on the part of the Chicago economists about the impact of unions in causing allocation problems during a boom.

If, then, union wage rates lag behind non-union during a boom, this reveals in all its starkness the reason for the perpetual if moderate inflationism of the present state-capitalist system. The reason is precisely that frankly advocated by Lord Keynes, the economist-saint of modern state capitalism, and, it should be noted, of all the Old Left: to lower real wage rates by fooling the workers into thinking that their wages are rising when, in terms of real purchasing power, they are being lowered. Hence we see the acumen of Mr. Weiner's analysis of the current system of "state capitalist 'welfareism'": that the function of labor unionism in the system is to serve as the "labor front" for "maximum centralization of control over the working class." And, further, we see that the Keynesian-New Deal-Fair Deal-New Frontier-Great Society program of perpetual inflation is an integral part of this control and exploitation of the mass of workers. It begins to look as if Dr. Kershner's odd concept of the "free market" is yet another "front" for such control; this is the clear meaning of the paeans to the "labor statesmanship" of George Meany, a statesmanship that boils down to obeying the dictates of the State and herding the labor force into following the controls of "guidelines" dreamed up by our conservative-liberal collectivist rulers. The real free market is very different from all this; one of the main attributes of a truly free-market society would be the liberation of the unions, the workers, and all Americans from the despotism of federal guidelines, suggestions, or controls--their liberation, therefore, from all varieties of "labor statesmanship." And we might be permitted to hope for another if less important form of liberation: the liberation of free-market teachings from such alleged champions as Howard E. Kershner. Once again, Kershner's writings prompt us to ask: in what sense do present-day conservatives really favor the free-market?

6. Thus, see H. Gregg Lewis, Unionism and Relative Wages in the United States (Chicago: University of Chicago Press, 1963).