EIGHTEEN

LABOR UNIONS AND EMPLOYMENT

> Government, long hostile to other monopolies, suddenly sponsored and promoted widespread labor monopolies, which democracy cannot endure, cannot control without destroying, and perhaps cannot destroy without destroying itself. —Henry C. Simons

1. Public policy concerning labor unions has, in little more than a century, moved from one extreme to the other. From a state in which little the unions could do was legal if they were not prohibited altogether, we have now reached a state where they have become uniquely privileged institutions to which the general rules of law do not apply. They have become the only important instance in which governments signally fail in their prime function—the prevention of coercion and violence.

This development has been greatly assisted by the fact that unions were at first able to appeal to the general principles of liberty[1] and then retain the support of the liberals long after all discrimination against them had ceased and they had acquired exceptional privileges. In few other areas are progressives so little willing to consider the reasonableness of any particular measure

The quotation at the head of the chapter is taken from Henry Calvert Simons, "Hansen on Fiscal Policy," *Journal of Political Economy*, 50 (1942): 171; reprinted in *Economic Policy for a Free Society* (Chicago: University of Chicago Press, 1948), p. 193.

[1] Including the most "orthodox" political economists, who invariably supported freedom of association. See particularly the discussion in John Ramsay McCulloch, *Treatise on the Circumstances Which Determine the Rate of Wages and the Condition of the Labouring Classes* (London: Longman, Brown, Green, and Longmans, 1851), pp. 79–89, with its stress on *voluntary* association. [McCulloch at one point notes: "A voluntary combination among workmen is certainly in no respect injurious to any of the rights of their masters. It is a contradiction to pretend that masters have any right or title to the services of free workmen in the event of the latter not choosing to accept the price offered them for their labour. And as the existence of a combination to procure a rise in wages shows that they have not so chosen, and is proof of the want of all concord and agreement between the parties, so it is also a proof that the workmen are fairly entitled to enter into it; and that, however injurious their proceedings may be to themselves, they do not encroach on the privileges or rights of others."—Ed.] For a comprehensive statement of the classical liberal attitude toward the legal problems involved see Ludwig Bamberger, *Die Arbeiterfrage unter dem Gesichtspunkte des Vereinsrechtes* (Stuttgart: J. G. Cotta, 1873).

but generally ask only whether it is "for or against unions" or, as it is usually put, "for or against labor."[2] Yet the briefest glance at the history of the unions should suggest that the reasonable position must lie somewhere between the extremes which mark their evolution.

Most people, however, have so little realization of what has happened that they still support the aspirations of the unions in the belief that they are struggling for "freedom of association," when this term has in fact lost its meaning and the real issue has become the freedom of the individual to join or not to join a union. The existing confusion is due in part to the rapidity with which the character of the problem has changed; in many countries voluntary associations of workers had only just become legal when they began to use coercion to force unwilling workers into membership and to keep non-members out of employment. Most people probably still believe that a "labor dispute" normally means a disagreement about remuneration and the conditions of employment, while as often as not its sole cause is an attempt on the part of the unions to force unwilling workers to join.

The acquisition of privilege by the unions has nowhere been as spectacular as in Britain, where the Trade Dispute Act of 1906 conferred "upon a trade union a freedom from civil liability for the commission of even the most heinous wrong by the union or its servant, and in short confer[red] upon every trade union a privilege and protection not possessed by any other person or body of persons, whether corporate or incorporate."[3] Similar friendly legis-

[2] Characteristic is the description of the "liberal" attitude to unions in Charles Wright Mills, *The New Men of Power: America's Labor Leaders* (New York: Harcourt, Brace, 1948), p. 21. "In many liberal minds there seems to be an undercurrent that whispers: 'I will not criticize the unions and their leaders. There I draw the line.' This, they must feel distinguishes them from the bulk of the Republican Party and the right-wing Democrats; this keeps them leftward and socially pure."

[3] Dicey, "Introduction," *Law and Opinion* (2nd edition), pp. xlv–xlvii [Liberty Fund edition, pp. 373–74]. He continues to say that the law "makes a trade union a privileged body exempted from the ordinary law of the land. No such privileged body has ever before been deliberately created by an English Parliament [and that] it stimulates among workmen the fatal delusion that workmen should aim at the attainment, not of equality, but of privilege." Cf. also the comment on the same law, thirty years later, by Joseph Alois Schumpeter, *Capitalism, Socialism, and Democracy* (New York: Harper and Brothers, 1942), p. 321, n. 4: "It is difficult, at the present time, to realize how this measure must have struck people who still believed in a state and in a legal system that centered in the institution of private property. For in relaxing the law of conspiracy in respect to peaceful picketing—which practically amounted to legalization of trade-union action implying the threat of force—and in exempting trade-union funds from liability in action for damages *for torts*—which practically amounted to enacting that trade unions could do not wrong—this measure in fact resigned to the trade unions part of the authority of the state and granted to them a position of privilege which the formal extension of the exemption to employers' unions was powerless to affect." Still more recently the Lord Chief Justice of Northern Ireland said of the same act (John Clark MacDermott, Baron MacDermott, *Protection from Power under English Law*. The Hamlyn Lectures. [London: Stevens, 1957], p. 174): "In short, it put trade unionism

lation helped the unions in the United States, where first the Clayton Act of 1914 exempted them from the antimonopoly provisions of the Sherman Act; the Norris-LaGuardia Act of 1932 "went a long way to establish practically complete immunity of labor organizations for torts";[4] and, finally, the Supreme Court in a crucial decision sustained "the claim of a union to the right to deny participation in the economic world to an employer."[5] More or less the same situation had gradually come to exist in most European countries by the 1920s, "less through explicit legislative permission than by the tacit toleration by authorities and courts."[6] Everywhere the legalization of unions was interpreted as a legalization of their main purpose and as recognition of their right to do whatever seemed necessary to achieve this purpose—namely, monopoly. More and more they came to be treated not as a group which was pursuing a legitimate selfish aim and which, like every other interest, must be kept in check by competing interests possessed of equal rights, but as a group whose aim—the exhaustive and comprehensive organization of all labor—must be supported for the good of the public.[7]

Although flagrant abuses of their powers by the unions have often shocked public opinion in recent times and uncritical pro-union sentiment is on the wane, the public has certainly not yet become aware that the existing legal position is fundamentally wrong and that the whole basis of our free society is gravely threatened by the powers arrogated by the unions. We shall not be concerned here with those criminal abuses of union power that have lately attracted much attention in the United States, although they are not entirely

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in the same privileged position which the Crown enjoyed until ten years ago in respect of wrongful acts committed on its behalf."

[4] Roscoe Pound, *Legal Immunities of Labor Unions* (Washington, DC: American Enterprise Association, 1957), p. 23, reprinted in Edward Hastings Chamberlin, et al., *Labor Unions and Public Policy* (Washington, DC: American Enterprise Institute for Public Policy Research, 1958).

[5] *Hunt v. Crumboch* 325 *U.S.* 821, at 831 (1944) (Mr. Justice Robert Jackson's dissent).

[6] Ludwig von Mises, *Die Gemeinwirtschaft. Untersuchungen über den Sozialismus* (2nd ed.; Jena: Verlag von Gustav Fischer, 1932), p. 447. [The extended German quotation reads: "Es genügt festzustellen, daß sie es in den letzten Jahrzehnten überall errungen haben, weniger durch ausdrückliche gesetzliche Zustimmung als durch stillschweigende Duldung der Behörden und Gerichte." ("It is sufficient to say that in the last decades it has been established everywhere, less by explicit legislative sanction than by the tacit toleration of public authority and the law.") (*Socialism*, Jacques Kahane, trans. [London: Jonathan Cape, 1936]).—Ed.]

[7] Few liberal sympathizers of the trade unions would dare to express the obvious truth which a courageous woman from within the British labor movement frankly stated, namely, that "it is in fact the business of a Union to be anti-social: the members would have a just grievance if their officials and committees ceased to put sectional interests first" (Barbara Wootton, *Freedom under Planning* [London: Allen and Unwin, 1945], p. 97). On the flagrant abuses of union power in the United States, which I shall not further consider here, see Sylvester Petro, *Power Unlimited: The Corruption of Union Leadership; A Report on the McClellan Committee Hearings* (New York: Ronald Press, 1959).

unconnected with the privileges that unions legally enjoy. Our concern will be solely with those powers that unions today generally possess, either with the explicit permission of the law or at least with the tacit toleration of the law-enforcing authorities. Our argument will not be directed against labor unions as such; nor will it be confined to the practices that are now widely recognized as abuses. But we shall direct our attention to some of their powers which are now widely accepted as legitimate, if not as their "sacred rights." The case against these is strengthened rather than weakened by the fact that unions have often shown much restraint in exercising them. It is precisely because, in the existing legal situation, unions could do infinitely more harm than they do, and because we owe it to the moderation and good sense of many union leaders, that the situation is not much worse that we cannot afford to allow the present state of affairs to continue.[8]

[8] In this chapter, more than in almost any other, I shall be able to draw upon a body of opinion that is gradually forming among an increasing number of thoughtful students of these matters—men who in background and interest are at least as sympathetic to the true concerns of the workers as those who in the past have been championing the privileges of the unions. See particularly William Harold Hutt, *The Theory of Collective Bargaining: A History, Analysis and Criticism of the Principal Theories Which Have Sought to Explain the Effects of Trade Unions and Employers Associations Upon the Distribution of the Product of Industry* (London: P. S. King, 1930), and his *Economists and the Public: A Study of Competition and Opinion* (London: Jonathan Cape, 1936); Henry Calvert Simons, "Some Reflections on Syndicalism," *Journal of Political Economy*, 52 (1944): 1–25, reprinted in his *Economic Policy for a Free Society* (Chicago: University of Chicago Press, 1948), pp. 121–59; John Thomas Dunlop, *Wage Determination under Trade Unions* (New York: Macmillan, 1944); Chamber of Commerce, *Economic Institute on Wage Determination and the Economics of Liberalism*, Joseph H. Ball, moderator [Addresses delivered at an Economic Institute on Wage Determination and Economic Liberalism, held at the Chamber of Commerce, January 11, 1947] (Washington, DC: Chamber of Commerce of the United States, 1947), especially the contributions of Jacob Viner ("The Role of Costs in a System of Economic Liberalism," pp. 15–33) and Fritz Machlup ("Monopolistic Wage Determination as a Part of the General Problem of Monopoly," pp. 49–82); Leo Wolman, *Industry-wide Bargaining* (Irvington-on-Hudson, NY: Foundation for Economic Education, 1948); Charles Edward Lindblom, *Unions and Capitalism* (New Haven: Yale University Press, 1949), cf. the reviews of this book by Aaron Director ("Book Review of *Unions and Capitalism*," *University of Chicago Law Review*, 18 [1950]: 164–67), by John Thomas Dunlop ("Review of *Unions and Capitalism*," *American Economic Review*, 40 [1950]: 463–68), and by Albert Rees ("Labor Unions and the Price System," *Journal of Political Economy*, 58 [1950]: 254–63); David McCord Wright, ed., *The Impact of the Union: Eight Economic Theorists Evaluate the Labor Union Movement* [Institute on the Structure of the Labor Market held at the American University, May 12–13, 1950] (New York: Harcourt, Brace, 1951), especially the contributions of Milton Friedman ("Some Comments on the Significance of Labor Unions for Economic Policy," pp. 204–34) and Gottfried Haberler ("Wage Policy, Employment, and Economic Stability," pp. 34–62); Fritz Machlup, *The Political Economy of Monopoly: Business, Labor, and Government Policies* (Baltimore: Johns Hopkins Press, 1952); Donald Randall Richberg, *Labor Union Monopoly: A Clear and Present Danger* (Chicago: H. Regnery Co., 1957); Sylvester Petro, *The Labor Policy of a Free Society* (New York: Ronald Press, 1957); Benjamin Charles Roberts, *Trade Unions in a Free Society* (London: Institute of Economic Affairs, 1959); and John Davenport's two articles, "Labor Unions in the Free So-

2. It cannot be stressed enough that the coercion which unions have been permitted to exercise contrary to all principles of freedom under the law is primarily the coercion of fellow workers. Whatever true coercive power unions may be able to wield over employers is a consequence of this primary power of coercing other workers; the coercion of employers would lose most of its objectionable character if unions were deprived of this power to exact unwilling support. Neither the right of voluntary agreement between workers nor even their right to withhold their services in concert is in question. It should be said, however, that the latter—the right to strike—though a normal right, can hardly be regarded as an inalienable right. There are good reasons why in certain employments it should be part of the terms of employment that the worker should renounce this right; i.e., such employments should involve long-term obligations on the part of the workers, and any concerted attempts to break such contracts should be illegal.

It is true that any union effectively controlling all potential workers of a firm or industry can exercise almost unlimited pressure on the employer and that, particularly where a great amount of capital has been invested in specialized equipment, such a union can practically expropriate the owner and command nearly the whole return of his enterprise.[9] The decisive point, however, is that this will never be in the interest of all workers—except in the unlikely

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ciety," *Fortune*, April 1959, pp. 132–34, 204, 206, 211–12; "Labor and the Law," *Fortune*, May 1959, pp. 142–43, 237–38, 240, 242, 246.

See also Edward Hastings Chamberlin, *The Economic Analysis of Labor Union Power* (Washington: American Enterprise Institute for Public Policy Research, 1958); Philip D. Bradley, *Involuntary Participation in Unionism* (Washington, DC: American Enterprise Institute for Public Policy Research, 1956); and Gerard Denis Reilly, *States Rights and the Law of Labor Relations* (Washington, DC: American Enterprise Institute for Public Policy Research, 1955). These three articles, together with Roscoe Pound, *Legal Immunities of Labor Unions* (see n. 4, above) are reprinted in Edward Hastings Chamberlin, et al., *Labor Unions and Public Policy* (Washington: American Enterprise Institute for Public Policy Research, 1958).

On general wage theory and the limits of the powers of the unions see also John Richard Hicks, *The Theory of Wages* (London: Macmillan, 1932), Richard von Strigl, *Angewandte Lohntheorie: Untersuchungen über die wirtschaftlichen Grundlagen der Sozialpolitik* (Leipzig: F. Deuticke, 1926), and Dunlop, *Wage Determination under Trade Unions* (cited above).

[9] See particularly the works by Henry Calvert Simons ["Some Reflections on Syndicalism," *Journal of Political Economy*, 52 (1944): 1–25, reprinted in his *Economic Policy for a Free Society* (Chicago: University of Chicago Press, 1948), pp. 121–59] and William Harold Hutt [*The Theory of Collective Bargaining: A History, Analysis, and Criticism of the Principal Theories Which Have Sought to Explain the Effects of Trade Unions and Employers Associations Upon the Distribution of the Product of Industry* (London: P. S. King, 1930); and *Economists and the Public: A Study of Competition and Opinion* (London: Jonathan Cape, 1936) cited in n. 8 above]. Whatever limited validity the old argument about the necessity of "equalizing bargaining power" by the formation of unions may ever have had, has certainly been destroyed by the modern development of the increasing size and specificity of the employers' investment, on the one hand, and the increasing mobility of labor (made possible by the automobile), on the other.

case where the total gain from such action is equally shared among them, irrespective of whether they are employed or not—and that, therefore, the union can achieve this only by coercing some workers against their interest to support such a concerted move.

The reason for this is that workers can raise real wages above the level that would prevail on a free market only by limiting the supply, that is, by withholding part of labor. The interest of those who will get employment at the higher wage will therefore always be opposed to the interest of those who, in consequence, will find employment only in the less highly paid jobs or who will not be employed at all.

The fact that unions will ordinarily first make the employer agree to a certain wage and then see to it that nobody will be employed for less makes little difference. Wage fixing is quite as effective a means as any other of keeping out those who could be employed only at a lower wage. The essential point is that the employer will agree to the wage only when he knows that the union has the power to keep out others.[10] As a general rule, wage fixing (whether by unions or by authority) will make wages higher than they would otherwise be only if they are also higher than the wage at which all willing workers can be employed.

Though unions may still often act on a contrary belief, there can now be no doubt that they cannot in the long run increase real wages for all wishing to work above the level that would establish itself in a free market—though they may well push up the level of money wages, with consequences that will occupy us later. Their success in raising real wages beyond that point, if it is to be more than temporary, can benefit only a particular group at the expense of others. It will therefore serve only a sectional interest even when it obtains the support of all. This means that strictly voluntary unions, because their wage policy would not be in the interest of all workers, could not long receive the support of all. Unions that had no power to coerce outsiders would thus not be strong enough to force up wages above the level at which all seeking work could be employed, that is, the level that would establish itself in a truly free market for labor in general.

But, while the real wages of all the employed can be raised by union action only at the price of unemployment, unions in particular industries or crafts may well raise the wages of their members by forcing others to stay in less-well-paid occupations. How great a distortion of the wage structure this in fact causes is difficult to say. If one remembers, however, that some unions find it expedient to use violence in order to prevent any influx into their trade and that others are able to charge high premiums for admission (or even to

[10] This must be emphasized especially against the argument of Lindblom in *Unions and Capitalism*.

reserve jobs in the trade for children of present members), there can be little doubt that this distortion is considerable. It is important to note that such policies can be employed successfully only in relatively prosperous and highly paid occupations and that they will therefore result in the exploitation of the relatively poor by the better-off. Even though within the scope of any one union its actions may tend to reduce differences in remuneration, there can be little doubt that, so far as relative wages in major industries and trades are concerned, unions today are largely responsible for an inequality which has no function and is entirely the result of privilege.[11] This means that their activities necessarily reduce the productivity of labor all around and therefore also the general level of real wages; because, if union action succeeds in reducing the number of workers in the highly paid jobs and in increasing the number of those who have to stay in the less remunerative ones, the result must be that the over-all average will be lower. It is, in fact, more than likely that, in countries where unions are very strong, the general level of real wages is lower than it would otherwise be.[12] This is certainly true of most countries of Europe, where union policy is strengthened by the general use of restrictive practices of a "make-work" character.

If many still accept as an obvious and undeniable fact that the general wage level has risen as fast as it has done because of the efforts of the unions, they do so in spite of these unambiguous conclusions of theoretical analysis—and in spite of empirical evidence to the contrary. Real wages have often risen much faster when unions were weak than when they were strong; furthermore, even the rise in particular trades or industries where labor was not organized has frequently been much faster than in highly organized and equally prosperous industries.[13] The common impression to the contrary is due partly to the fact that wage gains, which are today mostly obtained in union negotiations, are for that reason regarded as obtainable only in this manner[14] and even more to the fact that, as we shall presently see, union activity does in fact

[11] Chamberlin, *The Economic Analysis of Labor Union Power*, pp. 4–5, rightly stresses that "there can be no doubt that one effect of trade union policy . . . is to diminish still further the real income of the really low income groups, including not only the low income wage receivers but also such other elements of society as 'self-employed' and small business men."

[12] Cf. Fritz Machlup in "Monopolistic Wage Determination as a Part of the General Problem of Monopoly" and *The Political Economy of Monopoly: Business, Labor, and Government*.

[13] A conspicuous example of this in recent times is the case of the notoriously unorganized domestic servants whose average annual wages (as pointed out by Milton Friedman in "Some Comments on the Significance of Labor Unions for Economic Policy," David McCord Wright, ed., *The Impact of the Union: Eight Economic Theorists Evaluate the Labor Union Movement*, p. 224) in the United States in 1947 were 2.72 times as high as they had been in 1939, while at the end of the same period the wages of the comprehensively organized steel workers had risen only to 1.98 times the initial level.

[14] Cf. Bradley, *Involuntary Participation in Unionism*.

bring about a continuous rise in money wages exceeding the increase in real wages. Such increase in money wages is possible without producing general unemployment only because it is regularly made ineffective by inflation—indeed, it must be if full employment is to be maintained.

3. If unions have in fact achieved much less by their wage policy than is generally believed, their activities in this field are nevertheless economically very harmful and politically exceedingly dangerous. They are using their power in a manner which tends to make the market system ineffective and which, at the same time, gives them a control of the direction of economic activity that would be dangerous in the hands of government but is intolerable if exercised by a particular group. They do so through their influence on the relative wages of different groups of workers and through their constant upward pressure on the level of money wages, with its inevitable inflationary consequences.

The effect on relative wages is usually greater uniformity and rigidity of wages within any one union-controlled group and greater and non-functional differences in wages between different groups. This is accompanied by a restriction of the mobility of labor, of which the former is either an effect or a cause. We need say no more about the fact that this may benefit particular groups but can only lower the productivity and therefore the incomes of the workers in general. Nor need we stress here the fact that the greater stability of the wages of particular groups which unions may secure is likely to involve greater instability of employment. What is important is that the accidental differences in union power of the different trades and industries will produce not only gross inequalities in remuneration among the workers which have no economic justification but uneconomic disparities in the development of different industries. Socially important industries, such as building, will be greatly hampered in their development and will conspicuously fail to satisfy urgent needs simply because their character offers the unions special opportunities for coercive monopolistic practices.[15] Because unions are most powerful where capital investments are heaviest, they tend to become a deterrent to investment—at present probably second only to taxation. Finally, it is often union monopoly in collusion with enterprise that becomes one of the chief foundations of monopolistic control of the industry concerned.

The chief danger presented by the current development of unionism is that, by establishing effective monopolies in the supply of the different kinds of labor, the unions will prevent competition from acting as an effective regulator of the allocation of all resources. But if competition becomes ineffective as a means of such regulation, some other means will have to be adopted in

[15] Cf. Stephen Paul Sobotka, "Union Influence on Wages: The Construction Industry," *Journal of Political Economy*, 61 (1953): 127–43.

its place. The only alternative to the market, however, is direction by authority. Such direction clearly cannot be left in the hands of particular unions with sectional interests, nor can it be adequately performed by a unified organization of all labor, which would thereby become not merely the strongest power in the state but a power completely controlling the state. Unionism as it is now tends, however, to produce that very system of over-all socialist planning which few unions want and which, indeed, it is in their best interest to avoid.

4. The unions cannot achieve their principal aims unless they obtain complete control of the supply of the type of labor with which they are concerned; and, since it is not in the interest of all workers to submit to such control, some of them must be induced to act against their own interest. This may be done to some extent through merely psychological and moral pressure, encouraging the erroneous belief that the unions benefit all workers. Where they succeed in creating a general feeling that every worker ought, in the interest of his class, to support union action, coercion comes to be accepted as a legitimate means of making a recalcitrant worker do his duty. Here the unions have relied on a most effective tool, namely, the myth that it is due to their efforts that the standard of living of the working class has risen as fast as it has done and that only through their continued efforts will wages continue to increase as fast as possible—a myth in the assiduous cultivation of which the unions have usually been actively assisted by their opponents. A departure from such a condition can come only from a truer insight into the facts, and whether this will be achieved depends on how effectively economists do their job of enlightening public opinion.

But though this kind of moral pressure exerted by the unions may be very powerful, it would scarcely be sufficient to give them the power to do real harm. Union leaders apparently agree with the students of this aspect of unionism that much stronger forms of coercion are needed if the unions are to achieve their aims. It is the techniques of coercion that unions have developed for the purpose of making membership in effect compulsory, what they call their "organizational activities" (or, in the United States, "union security"—a curious euphemism) that give them real power. Because the power of truly voluntary unions will be restricted to what are common interests of all workers, they have come to direct their chief efforts to the forcing of dissenters to obey their will.

They could never have been successful in this without the support of a misguided public opinion and the active aid of government. Unfortunately, they have to a large extent succeeded in persuading the public that complete unionization is not only legitimate but important to public policy. To say that the workers have a right to form unions, however, is not to say that the unions have a right to exist independently of the will of the individual workers. Far

from being a public calamity, it would indeed be a highly desirable state of affairs if the workers should not feel it necessary to form unions. Yet the fact that it is a natural aim of the unions to induce all workers to join them has been so interpreted as to mean that the unions ought to be entitled to do whatever seems necessary to achieve this aim. Similarly, the fact that it is legitimate for unions to try to secure higher wages has been interpreted to mean that they must also be allowed to do whatever seems necessary to succeed in their effort. In particular, because striking has been accepted as a legitimate weapon of unions, it has come to be believed that they must be allowed to do whatever seems necessary to make a strike successful. In general, the legalization of unions has come to mean that whatever methods they regard as indispensable for their purposes are also to be treated as legal.

The present coercive powers of unions thus rest chiefly on the use of methods which would not be tolerated for any other purpose and which are opposed to the protection of the individual's private sphere. In the first place, the unions rely—to a much greater extent than is commonly recognized—on the use of the picket line as an instrument of intimidation. That even so-called "peaceful" picketing in numbers is severely coercive and the condoning of it constitutes a privilege conceded because of its presumed legitimate aim is shown by the fact that it can be and is used by persons who themselves are not workers to force others to form a union which they will control, and that it can also be used for purely political purposes or to give vent to animosity against an unpopular person. The aura of legitimacy conferred upon it because the aims are often approved cannot alter the fact that it represents a kind of organized pressure upon individuals which in a free society no private agency should be permitted to exercise.

Next to the toleration of picketing, the chief factor which enables unions to coerce individual workers is the sanction by both legislation and jurisdiction of the closed or union shop and its varieties. These constitute contracts in restraint of trade, and only their exemption from the ordinary rules of law has made them legitimate objects of the "organizational activities" of the unions. Legislation has frequently gone so far as to require not only that a contract concluded by the representatives of the majority of the workers of a plant or industry be available to any worker who wishes to take advantage of it, but that it apply to all employees, even if they should individually wish and be able to obtain a different combination of advantages.[16] We must also regard as

[16] It would be difficult to exaggerate the extent to which unions prevent the experimentation with, and gradual introduction of, new arrangements that might be in the mutual interest of employers and employees. For example, it is not at all unlikely that in some industries it would be in the interest of both to agree on "guaranteed annual wages" if unions permitted individuals to make a sacrifice in the amount of wages in return for a greater degree of security.

inadmissible methods of coercion all secondary strikes and boycotts which are used not as an instrument of wage bargaining but solely as a means of forcing other workers to fall in with union policies.

Most of these coercive tactics of the unions can be practiced, moreover, only because the law has exempted groups of workers from the ordinary responsibility of joint action, either by allowing them to avoid formal incorporation or by explicitly exempting their organizations from the general rules applying to corporate bodies. There is no need to consider separately various other aspects of contemporary union policies such as, to mention one, industry-wide or nation-wide bargaining. Their practicability rests on the practices already mentioned, and they would almost certainly disappear if the basic coercive power of the unions were removed.[17]

5. It can hardly be denied that raising wages by the use of coercion is today the main aim of unions. Even if this were their sole aim, legal prohibition of unions would however, not be justifiable. In a free society much that is undesirable has to be tolerated if it cannot be prevented without discriminatory legislation. But the control of wages is even now not the only function of the unions; and they are undoubtedly capable of rendering services which are not only unobjectionable but definitely useful. If their only purpose were to force up wages by coercive action, they would probably disappear if deprived of coercive power. But unions have other useful functions to perform, and, though it would be contrary to all our principles even to consider the possibility of prohibiting them altogether, it is desirable to show explicitly why there is no economic ground for such action and why, as truly voluntary and non-coercive organizations, they may have important services to render. It is in fact more than probable that unions will fully develop their potential usefulness only after they have been diverted from their present antisocial aims by an effective prevention of the use of coercion.[18]

[17] To illustrate the nature of much contemporary wage bargaining in the United States, Edward Hastings Chamberlin, in his essay *The Economic Analysis of Labor Union Power*, pp. 40–41, uses an analogy which I cannot better: "Some perspective may be had on what is involved by imagining an application of the techniques of the labor market in some other field. If A is bargaining with B over the sale of his house, and if A were given the privileges of a modern labor union, he would be able (1) to conspire with all other owners of houses not to make any alternative offers to B, using violence or the threat of violence if necessary to prevent them, (2) to deprive B himself of access to any alternative offers, (3) to surround the house of B and cut off all deliveries of food (except by parcel post), (4) to stop all movement from B's house, so that if he were for instance a doctor he could not sell his services and make a living, and (5) to institute a boycott of B's business. All of these privileges, if he were capable of carrying them out, would no doubt strengthen A's position. But they would not be regarded by anyone as part of 'bargaining'—unless A were a labor union."

[18] Cf. Petro, *The Labor Policy of a Free Society*, p. 51: "Unions can and do serve useful purposes, and they have only barely scratched the surface of their potential utility to employees. When

Unions without coercive powers would probably play a useful and important role even in the process of wage determination. In the first place, there is often a choice to be made between wage increases, on the one hand, and, on the other, alternative benefits which the employer could provide at the same cost but which he can provide only if all or most of the workers are willing to accept them in preference to additional pay. There is also the fact that the relative position of the individual on the wage scale is often nearly as important to him as his absolute position. In any hierarchical organization it is important that the differentials between the remuneration for the different jobs and the rules of promotion are felt to be just by the majority.[19] The most effective way of securing consent is probably to have the general scheme agreed to in collective negotiations in which all the different interests are represented. Even from the employer's point of view it would be difficult to conceive of any other way of reconciling all the different considerations that in a large organization have to be taken into account in arriving at a satisfactory wage structure. An agreed set of standard terms, available to all who wish to take advantage of them, though not excluding special arrangements in individual cases, seems to be required by the needs of large-scale organizations.

The same is true to an even greater extent of all the general problems relating to conditions of work other than individual remuneration, those problems which truly concern all employees and which, in the mutual interest of workers and employers, should be regulated in a manner that takes account of as many desires as possible. A large organization must in a great measure be governed by rules, and such rules are likely to operate most effectively if drawn up with the participation of the workers.[20] Because a contract between employers and employees regulates not only relations between them but also relations between the various groups of employees, it is often expedient to

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they really get to work on the job of serving employees instead of making such bad names for themselves as they do in coercing and abusing employees, they will have much less difficulty than they presently have in securing and keeping new members. As matters now stand, union insistence upon the closed shop amounts to an admission that unions are really not performing their functions very well."

[19] Cf. Chester Irving Barnard, "Functions and Pathology of Status Systems in Formal Organizations," in *Industry and Society*, William Foote Whyte, ed. (New York: McGraw-Hill,1946), pp. 46–83; reprinted in Chester Irving Barnard, *Organization and Management: Selected Papers* (Cambridge, MA: Harvard University Press, 1949), pp. 207–44.

[20] Cf. Sumner Huber Slichter, *Trade Unions in a Free Society* [Revision of a paper prepared for a bicentennial conference on the evolution of social institutions at Princeton University, October 8, 1946] (Cambridge, MA: Harvard University Press, 1947), p. 12, where it is argued that such rules "introduce into industry the equivalent of civil rights, and they greatly enlarge the range of human activities which are governed by rule or law rather than by whim or caprice." See also Alvin Ward Gouldner, *Patterns of Industrial Bureaucracy* (Glencoe, IL: Free Press, 1954), esp. the discussion of "rule by rule," in chap. 9, "About the Functions of Bureaucratic Rules," pp. 157–80.

give it the character of a multilateral agreement and to provide in certain respects, as in grievance procedure, for a degree of self-government among the employees.

There is, finally, the oldest and most beneficial activity of the unions, in which as "friendly societies" they undertake to assist members in providing against the peculiar risks of their trade. This is a function which must in every respect be regarded as a highly desirable form of self-help, albeit one which is gradually being taken over by the welfare state. We shall leave the question open, however, as to whether any of the above arguments justify unions of a larger scale than that of the plant or corporation.

An entirely different matter, which we can mention here only in passing, is the claim of unions to participation in the conduct of business. Under the name of "industrial democracy" or, more recently, under that of "co-determination," this has acquired considerable popularity, especially in Germany and to a lesser degree in Britain. It represents a curious recrudescence of the ideas of the syndicalist branch of nineteenth-century socialism, the least-thought-out and most impractical form of that doctrine. Though these ideas have a certain superficial appeal, they reveal inherent contradictions when examined. A plant or industry cannot be conducted in the interest of some permanent distinct body of workers if it is at the same time to serve the interests of the consumers. Moreover, effective participation in the direction of an enterprise is a full-time job, and anybody so engaged soon ceases to have the outlook and interest of an employee. It is not only from the point of view of the employers, therefore, that such a plan should be rejected; there are very good reasons why in the United States union leaders have emphatically refused to assume any responsibility in the conduct of business. For a fuller examination of this problem we must, however, refer the reader to the careful studies, now available, of all its implications.[21]

6. Though it may be impossible to protect the individual against all union coercion so long as general opinion regards it as legitimate, most students of the subject agree that comparatively few and, as they may seem at first, minor changes in law and jurisdiction would suffice to produce far-reaching and probably decisive changes in the existing situation.[22] The mere withdrawal of the special privileges either explicitly granted to the unions or arrogated by them with the toleration of the courts would seem enough to deprive them

[21] See particularly Franz Böhm, "Das wirtschaftliche Mitbestimmungsrecht der Arbeiter im Betrieb," *Ordo*, 4 (1951): 21–250, and Goetz Antony Briefs, *Zwischen Kapitalismus und Syndikalismus: die Gewerk schaften am Scheideweg* (Bern: A. Francke, 1952).

[22] See the essays by Jacob Viner, "The Role of Costs in a System of Economic Liberalism"; Gottfried Haberler, "Wage Policy, Employment, and Economic Stability;" Milton Friedman, "Some Comments on the Significance of Labor Unions for Economic Policy;" and the book by Sylvester Petro, *The Labor Policy of a Free Society.*

of the more serious coercive powers which they now exercise and to channel their legitimate selfish interests so that they would be socially beneficial.

The essential requirement is that true freedom of association be assured and that coercion be treated as equally illegitimate whether employed for or against organization, by the employer or by the employees. The principle that the end does not justify the means and that the aims of the unions do not justify their exemption from the general rules of law should be strictly applied. Today this means, in the first place, that all picketing in numbers should be prohibited, since it is not only the chief and regular cause of violence but even in its most peaceful forms is a means of coercion. Next, the unions should not be permitted to keep non-members out of any employment. This means that closed- and union-shop contracts (including such varieties as the "maintenance of membership" and "preferential hiring" clauses) must be treated as contracts in restraint of trade and denied the protection of the law. They differ in no respect from the "yellow-dog contract" which prohibits the individual worker from joining a union and which is commonly prohibited by the law.

The invalidating of all such contracts would, by removing the chief objects of secondary strikes and boycotts, make these and similar forms of pressure largely ineffective. It would be necessary, however, also to rescind all legal provisions which make contracts concluded with the representatives of the majority of workers of a plant or industry binding on all employees and to deprive all organized groups of any right of concluding contracts binding on men who have not voluntarily delegated this authority to them.[23] Finally, the responsibility for organized and concerted action in conflict with contractual obligations or the general law must be firmly placed on those in whose hands the decision lies, irrespective of the particular form of organized action adopted.

It would not be a valid objection to maintain that any legislation making certain types of contracts invalid would be contrary to the principle of freedom of contract. We have seen before (in chap. 15) that this principle can never mean that all contracts will be legally binding and enforceable. It means merely that all contracts must be judged according to the same general rules and that no authority should be given discretionary power to allow or disallow particular contracts. Among the contracts to which the law ought to deny validity are contracts in restraint of trade. Closed- and union-shop contracts fall clearly into this category. If legislation, jurisdiction, and the tolerance of executive agencies had not created privileges for the unions, the need for special legislation concerning them would probably not have arisen in

[23] Such contracts binding on third parties are equally as objectionable in this field as is the forcing of price-maintenance agreements on non-signers by "fair-trade" laws.

common-law countries. That there is such a need is a matter for regret, and the believer in liberty will regard any legislation of this kind with misgivings. But, once special privileges have become part of the law of the land, they can be removed only by special legislation. Though there ought to be no need for special "right-to-work laws," it is difficult to deny that the situation created in the United States by legislation and by the decisions of the Supreme Court may make special legislation the only practicable way of restoring the principles of freedom.[24]

The specific measures which would be required in any given country to reinstate the principles of free association in the field of labor will depend on the situation created by its individual development. The situation in the United States is of special interest, for here legislation and the decisions of the Supreme Court have probably gone further than elsewhere[25] in legalizing union coercion and very far in conferring discretionary and essentially irresponsible powers on administrative authority. But for further details we must refer the reader to the important study by Professor Petro on *The Labor Policy of the Free Society*,[26] in which the reforms required are fully described.

Though all the changes needed to restrain the harmful powers of the unions involve no more than that they be made to submit to the same general principles of law that apply to everybody else, there can be no doubt that the existing unions will resist them with all their power. They know that the achievement of what they at present desire depends on that very coercive power which will have to be restrained if a free society is to be preserved. Yet the situation is not hopeless. There are developments under way which sooner or later will prove to the unions that the existing state cannot last. They will find that, of the alternative courses of further development open to them, submitting to the general principle that prevents all coercion will be greatly preferable in the long run to continuing their present policy; for the latter is bound to lead to one of two unfortunate consequences.

7. While labor unions cannot in the long run substantially alter the level of real wages that all workers can earn and are, in fact, more likely to lower than to raise them, the same is not true of the level of money wages. With

[24] Such legislation, to be consistent with our principles, should not go beyond declaring certain contracts invalid, which is sufficient for removing all pretext for action to obtain them. It should not, as the title of the "right-to-work laws" may suggest, give individuals a claim to a particular job, or even (as some of the laws in force in certain American states do) confer a right to damages for having been denied a particular job, when the denial is not illegal on other grounds. The objections against such provisions are the same as those which apply to "fair employment practices" laws.

[25] See Arthur Lenhoff, "The Problem of Compulsory Unionism in Europe," *American Journal of Comparative Law*, 5 (1956): 18–43.

[26] See Sylvester Petro, *The Labor Policy of a Free Society*, esp. pp. 235ff. and 282.

respect to them, the effect of union action will depend on the principles governing monetary policy. What with the doctrines that are now widely accepted and the policies accordingly expected from the monetary authorities, there can be little doubt that current union policies must lead to continuous and progressive inflation. The chief reason for this is that the dominant "full-employment" doctrines explicitly relieve the unions of the responsibility for any unemployment and place the duty of preserving full employment on the monetary and fiscal authorities. The only way in which the latter can prevent union policy from producing unemployment is, however, to counter through inflation whatever excessive rises in real wages unions tend to cause.

In order to understand the situation into which we have been led, it will be necessary to take a brief look at the intellectual sources of the full-employment policy of the "Keynesian" type. The development of Lord Keynes's theories started from the correct insight that the regular cause of extensive unemployment is real wages that are too high. The next step consisted in the proposition that a direct lowering of money wages could be brought about only by a struggle so painful and prolonged that it could not be contemplated. Hence he concluded that real wages must be lowered by the process of lowering the value of money. This is really the reasoning underlying the whole "full-employment" policy, now so widely accepted.[27] If labor insists on a level of money wages too high to allow of full employment, the supply of money must be so increased as to raise prices to a level where the real value of the prevailing money wages is no longer greater than the productivity of the workers seeking employment. In practice, this necessarily means that each separate union, in its attempt to overtake the value of money, will never cease to insist on further increases in money wages and that the aggregate effort of the unions will thus bring about progressive inflation.

This would follow even if individual unions did no more than prevent any reduction in the money wages of any particular group. Where unions make such wage reductions impracticable and wages have generally become, as the economists put it, "rigid downward," all the changes in relative wages of the different groups made necessary by the constantly changing conditions must be brought about by raising all money wages except those of the group whose relative real wages must fall. Moreover, the general rise in money wages and the resulting increase in the cost of living will generally lead to attempts, even on the part of the latter group, to push up money wages, and several rounds of successive wage increases will be required before any readjustment of rela-

[27] See the articles by Gottfried Haberler, "Creeping Inflation Resulting from Wage Increases in Excess of Productivity" (vol. 1, pp. 137–46), and myself, "Inflation Resulting from Downward Inflexibility of Wages" (vol. 1, pp. 147–52), in Committee for Economic Development, *Problems of United States Economic Development* (2 vols.; New York: Committee for Economic Development, 1958).

tive wages is produced. Since the need for adjustment of relative wages occurs all the time, this process alone produces the wage-price spiral that has prevailed since the second World War, that is, since full-employment policies became generally accepted.[28]

The process is sometimes described as though wage increases directly produced inflation. This is not correct. If the supply of money and credit were not expanded, the wage increases would rapidly lead to unemployment. But under the influence of a doctrine that represents it as the duty of the monetary authorities to provide enough money to secure full employment at any given wage level, it is politically inevitable that each round of wage increases should lead to further inflation.[29] Or it is inevitable until the rise of prices becomes sufficiently marked and prolonged to cause serious public alarm. Efforts will then be made to apply the monetary brakes. But, because by that time the economy will have become geared to the expectation of further inflation and much of the existing employment will depend on continued monetary expansion, the attempt to stop it will rapidly produce substantial unemployment. This will bring a renewed and irresistible pressure for more inflation. And, with ever bigger doses of inflation, it may be possible for quite a long time to prevent the appearance of the unemployment which the wage pressure would otherwise cause. To the public at large it will seem as if progressive inflation were the direct consequence of union wage policy rather than of an attempt to cure its consequences.

Though this race between wages and inflation is likely to go on for some time, it cannot go on indefinitely without people coming to realize that it must somehow be stopped. A monetary policy that would break the coercive powers of the unions by producing extensive and protracted unemployment must be excluded, for it would be politically and socially fatal. But if we do not succeed in time in curbing union power at its source, the unions will soon be faced with a demand for measures that will be much more distasteful to the individual workers, if not the union leaders, than the submission of the unions to the rule of law: the clamor will soon be either for the fixing of wages by government or for the complete abolition of the unions.

[28] Cf. Arthur Joseph Brown, *The Great Inflation, 1939–1951* (London: Oxford University Press, 1955).

[29] See John Richard Hicks, "Economic Foundations of Wage Policy," *Economic Journal*, 65 (1955): esp. 391: "The world we now live in is one in which the monetary system has become relatively elastic, so that it can accommodate itself to changes in wages, rather than the other way about. Instead of actual wages having to adjust themselves to an equilibrium level, monetary policy adjusts the equilibrium level of money wages so as to make it conform to the actual level. It is hardly an exaggeration to say that instead of being on a Gold Standard, we are on a Labour Standard." But see also the same author's later article, "The Instability of Wages," *Three Banks Review*, 31 (September 1956): 3–19.

8. In the field of labor, as in any other field, the elimination of the market as a steering mechanism would necessitate the replacement of it by a system of administrative direction. In order to approach even remotely the ordering function of the market, such direction would have to co-ordinate the whole economy and therefore, in the last resort, have to come from a single central authority. And though such an authority might at first concern itself only with the allocation and remuneration of labor, its policy would necessarily lead to the transformation of the whole of society into a centrally planned and administered system, with all its economic and political consequences.

In those countries in which inflationary tendencies have operated for some time, we can observe increasingly frequent demands for an "over-all wage policy." In the countries where these tendencies have been most pronounced, notably in Great Britain, it appears to have become accepted doctrine among the intellectual leaders of the Left that wages should generally be determined by a "unified policy," which ultimately means that government must do the determining.[30] If the market were thus irretrievably deprived of its function, there would be no efficient way of distributing labor throughout the industries, regions, and trades, other than having wages determined by authority. Step by step, through setting up an official conciliation and arbitration machinery with compulsory powers, and through the creation of wage boards, we are moving toward a situation in which wages will be determined by what must be essentially arbitrary decisions of authority.

All this is no more than the inevitable outcome of the present policies of labor unions, who are led by the desire to see wages determined by some conception of "justice" rather than by the forces of the market. But in no workable system could any group of people be allowed to enforce by the threat of violence what it believes it should have. And when not merely a few privileged groups but most of the important sections of labor have become effectively organized for coercive action, to allow each to act independently would not only produce the opposite of justice but result in economic chaos. When we can no longer depend on the impersonal determination of wages by the

[30] See William Henry Beveridge, *Full Employment in a Free Society* (London: Allen and Unwin, 1944); Margaret F. W. Joseph and Nicholas Kaldor, *Economic Reconstruction after the War* (Handbooks for discussion groups, no. 5; London: Published for the Association for Education in Citizenship by the English Universities Press, 1942); Barbara Wootton, *The Social Foundations of Wage Policy: A Study of Contemporary British Wage and Salary Structure* (London: Allen and Unwin, 1955); and, on the present state of the discussion, Sir Daniel Thompson Jack, "Is a Wage Policy Desirable and Practicable?" *Economic Journal*, 67 (1957): 585–90. It seems that some of the supporters of this development imagine that this wage policy will be conducted by "labor," which presumably means by joint action of all unions. This seems neither a probable nor a practicable arrangement. Many groups of workers would rightly object to their relative wages being determined by a majority vote of all workers, and a government permitting such an arrangement would in effect transfer all control of economic policy to the labor unions.

market, the only way we can retain a viable economic system is to have them determined authoritatively by government. Such determination must be arbitrary, because there are no objective standards of justice that could be applied.[31] As is true of all other prices or services, the wage rates that are compatible with an open opportunity for all to seek employment do not correspond to any assessable merit or any independent standard of justice but must depend on conditions which nobody can control.

Once government undertakes to determine the whole wage structure and is thereby forced to control employment and production, there will be a far greater destruction of the present powers of the unions than their submission to the rule of equal law would involve. Under such a system the unions will have only the choice between becoming the willing instrument of governmental policy and being incorporated into the machinery of government, on the one hand, and being totally abolished, on the other. The former alternative is more likely to be chosen, since it would enable the existing union bureaucracy to retain their position and some of their personal power. But to the workers it would mean complete subjection to the control by a corporative state. The situation in most countries leaves us no choice but to await some such outcome or to retrace our steps. The present position of the unions cannot last, for they can function only in a market economy which they are doing their best to destroy.

9. The problem of labor unions constitutes both a good test of our principles and an instructive illustration of the consequences if they are infringed. Having failed in their duty of preventing private coercion, governments are now driven everywhere to exceed their proper function in order to correct the results of that failure and are thereby led into tasks which they can perform only by being as arbitrary as the unions. So long as the powers that the unions have been allowed to acquire are regarded as unassailable, there is no way to

[31] See, e.g., Barbara Wootton, *Freedom under Planning*, p. 101: "The continual use of terms like 'fair,' however, is quite subjective: no commonly accepted ethical pattern can be implied. The wretched arbitrator, who is charged with the duty of acting 'fairly and impartially' is thus required to show these qualities in circumstances in which they have no meaning; for there can be no such thing as fairness or impartiality except in terms of an accepted code. No one can be impartial in a vacuum. One can only umpire at cricket because there are rules, or at a boxing match so long as certain blows, like those below the belt, are forbidden. Where, therefore, as in wage determinations, there are no rules and no code, the only possible interpretation of impartiality is conservatism." See also Orwell de Ruyter Fönander, *Studies in Australian Law and Relations* (Melbourne: Melbourne University Press, 1952). Also Kenneth Frederick Walker, *Industrial Relations in Australia* (Cambridge, MA: Harvard University Press, 1956), p. 362: "Industrial tribunals, in contrast with ordinary courts, are called upon to decide issues upon which there is not only no defined law, but not even any commonly accepted standards of fairness or justice." Cf. also Lady Gertrude Williams, "The Myth of 'Fair' Wages," *Economic Journal*, 66 (1956): 621–34.

correct the harm done by them but to give the state even greater arbitrary power of coercion. We are indeed already experiencing a pronounced decline of the rule of law in the field of labor.[32] Yet all that is really needed to remedy the situation is a return to the principles of the rule of law and to their consistent application by legislative and executive authorities.

This path is still blocked, however, by the most fatuous of all fashionable arguments, namely, that "we cannot turn the clock back." One cannot help wondering whether those who habitually use this cliché are aware that it expresses the fatalistic belief that we cannot learn from our mistakes, the most abject admission that we are incapable of using our intelligence. I doubt whether anybody who takes a long-range view believes that there is another satisfactory solution which the majority would deliberately choose if they fully understood where the present developments were leading. There are some signs that farsighted union leaders are also beginning to recognize that, unless we are to resign ourselves to the progressive extinction of freedom, we must reverse that trend and resolve to restore the rule of law and that, in order to save what is valuable in their movement, they must abandon the illusions which have guided it for so long.[33]

Nothing less than a rededication of current policy to principles already abandoned will enable us to avert the threatening danger to freedom. What is required is a change in economic policy, for in the present situation the tactical decisions which will seem to be required by the short-term needs of government in successive emergencies will merely lead us further into the thicket of arbitrary controls. The cumulative effects of those palliatives which the pursuit of contradictory aims makes necessary must prove strategically fatal. As is true of all problems of economic policy, the problem of labor unions

[32] See Sylvester Petro, *The Labor Policy of a Free Society*, pp. 262ff., esp. 264: "I shall show in this chapter that the rule of law does not exist in labor relations; that there a man is *entitled* in only exceptional cases to a day in court, no matter how unlawfully he has been harmed"; and p. 272: "Congress has given the NLRB [National Labor Relations Board] and its General Counsel arbitrary power to deny an injured person a hearing, Congress has closed the federal courts to persons injured by conduct forbidden under federal law. Congress did not, however, prevent unlawfully harmed persons from seeking whatever remedies they might find in state courts. That blow to the ideal that every man is entitled to his day in court was struck by the Supreme Court."

[33] The Chairman of the English Trades Union Congress, Mr. Charles Geddes, was reported in 1955 to have said: "I do not believe that the trade union movement of Great Britain can live for very much longer on the basis of compulsion. Must people belong to us or starve, whether they like our policies or not? [Is that to be the future of the movement?] No. I believe the trade union card is an honor to be conferred, not a badge which signifies that you have got to do something whether you like it or not. We want the right to exclude people from our union if necessary and we cannot do that on the basis of 'Belong or starve.'" [The story is reported in the *Times* (London), May 21, 1955, p. 5, col. E, in connection with Mr. Geddes's opposition to a closed shop in the Union of Post Office Workers.—Ed.]

cannot be satisfactorily solved by *ad hoc* decisions on particular questions but only by the consistent application of a principle that is uniformly adhered to in all fields. There is only one such principle that can preserve a free society: namely, the strict prevention of all coercion except in the enforcement of general abstract rules equally applicable to all.