

Henry Hazlitt on Unions: Part II
by
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In my August column at this site I discussed Hazlitt's views on the economic effects of unions, exclusive representation and mandatory bargaining, labor's alleged bargaining power disadvantage, and the right to strike. Here I will discuss three other aspects of Hazlitt's views on American unionism: involuntary unionism, government employee unionism, and what he called the "Grand Illusion" of labor solidarity.

Involuntary Unionism

Correctly understood, freedom of association is based on the ability of each person to choose to affiliate with any group pursuing legal ends that is willing to associate with him. Logically this implies the ability of each person to abstain from such an affiliation even if the group is eager for him to join. American unionism under the National Labor Relations Act is not based on freedom of association because where there is a certified union individual workers may not choose to abstain from the association. Moreover American union law violates employers' freedom of association by imposing mandatory good faith bargaining. American unionism is involuntary unionism. Hazlitt put it this way:

"In accordance with the principle of freedom of peaceful association, the law should not prohibit unions, but neither should it go out of its way to encourage them. Certainly the government should not continue, as it does in the United States, to turn itself in effect into a union-organizing agency and to force employers to negotiate with unions."¹

Voluntary unions would, according to Hazlitt, have legitimate functions to perform:

"There are, no doubt, areas in which the activities of unions, wisely directed, could be on the whole beneficent – in negotiating with individual employers, for example, concerning hours of work and such conditions of work as light, air sanitary arrangements, rest rooms, coffee breaks, shop rules, grievance machinery, and the like.²

In 1946 he stated that the legitimate functions of voluntary unions would include assuring "that all of their members get the true market value of their services."³ That is, any worker who felt that he wasn't being paid the full value of his services should be free to designate a willing union to bargain for him with an employer who was willing to bargain. He then went on to state that it is highly unlikely that most workers would be in such a situation because underpaid workers are a profit opportunity for other employers to bid wages up.

Government Employee Unionism

Hazlitt thought that the principle of freedom of association also justified voluntary government employee unions. However, he advocated strict limits to the scope of collective bargaining in the government sector.

"We now come to the labor laws that ought to govern civil servants. They, like private employees, should not be prohibited from joining unions. They, too, should enjoy the right to freedom of peaceable association. But no government unit for which these public work should be under any legal obligation whatever to recognize or negotiate with such unions It is ... an absurdity for the public

authorities to make agreements or 'contracts' with these unions. The terms of employment should be set by the government directly with the individual employee"⁴

Hazlitt also held that third party arbitration was never proper in the government sector.

"If the government authorities 'bargain collectively' with unions, and if the union leaders refuse to accept the final terms offered, must the authorities then turn to third parties and let *them* decide the terms? The elected representatives of the people have been elected to make these decisions. They cannot delegate them to private 'arbitrators,' or be overruled by them. It is they, and they alone, who must take final responsibility for whatever terms of employment are set."⁵

Hazlitt held that "No public employee has the right to strike." He quoted Calvin Coolidge to make the point: "*There is no right to strike against the public safety by anybody, anywhere, any time.*"⁶

The "Grand Illusion" of Labor Solidarity

Unionists contend that all workers have interests in common against employers, and that every worker is therefore duty bound to honor all picket lines and to join labor unions. In fact, as Hazlitt eloquently explained, unionism almost always pits the interests of some workers against other workers, both as workers and as consumers. In *Economics in One Lesson*⁷ he constructs an arithmetic example, under the assumption that all workers are unionized, to illustrate the logical fallacy of labor solidarity. His argument is based on relative real wages. Space does not permit me to quote him here, but I commend it to you. In 1973 he summed up his thinking on this issue:

"Once it is clearly recognized that the strike-threat gains of each union are at the expense of all other unions in forcing their members to pay higher prices for products, the whole myth of 'labor solidarity' collapses. It is this myth that has kept the strike-threat system going. ... The mass of the working population has been taught to believe that all workers should support every strike ... to 'respect the picket lines' because 'Labor's' interests are unified. The success of any strike is thought to help all labor and its failure to hurt all labor.

"This is the modern Great Illusion. In fact, each union's extorted 'gains' by raising a specific industry's cost and therefore its prices, reduces the real wages of all other workers. The interests of the unions are mutually antagonistic."⁸

In conclusion, in 1971 Hazlitt wrote that employers should not be allowed to discriminate, in hiring, against workers on the basis of their affiliation or nonaffiliation with a union.⁹ In my view truly voluntary unionism implies that employers must be free to operate on a union-only or union-free basis. The market will sort out what works from what doesn't work on a case-by-case basis. Hazlitt agrees with Hayek on the point,¹⁰ so I guess I shouldn't be too dismayed.

¹ Chapter 13, "How Unions Reduce Real Wages, " in *The Conquest of Poverty* (New Rochelle, N.Y.: Arlington House) 1973, pp. 141-2.

² Ibid, p. 141.

³ *Economics in One Lesson* (New York: Arlington House Publishers, 1979 [1946]) p. 141

⁴ Hazlitt's chapter in *The Strike: For and Against* (New York: Hart Publishing Co., Inc., 1971) pp. 80-81.

⁵ Ibid, p. 81, emphasis in the original

⁶ Ibid., emphasis in the original

⁷ Op. cit., pp. 143-5.

⁸ 1973, pp. 135-36.

⁹ 1971, op. cit. p. 78.

¹⁰ *The Constitution of Liberty* (Chicago: University of Chicago Press, 1962) p. 278.