

Labor monopoly - Labor  
(1949)

# LABOR UNION MONOPOLIES AND THE ANTI-TRUST LAWS

The health of competitive capitalism requires that monopolistic practices in restraint of trade be illegal. It is established social policy for the United States to have and enforce its anti-trust laws. However, labor unions have been exempted from these Federal laws against monopolies.

The United Mine Workers union possesses a virtual monopoly on the supply of labor in producing coal, fuel vital to industrial civilization and to the entire economy of the U. S. This labor monopoly has now picked up a new tool—its immunity from the anti-trust laws—to impose a three-day work-week in the coal fields. It is a deliberate action in restraint of trade whose consequence will be higher costs in the face of declining markets, with eventual harm to the miners as well as to the mine operators, and in the long run to every person everywhere.

The labor union monopoly dominated by one man imposed this restriction on coal production. The mine managements oppose it on economic grounds. Furthermore, had they agreed to it, they, as business managers, would have violated those very anti-trust laws from which labor monopolies are exempted. To have shut down their mines might have been construed as "lock-outs".

If monopolism is contrary to social policy, then the current three-day week focusses this question, "Shall monopolistic practices by labor unions in restraint of trade be outlawed as a matter of sound social policy?"

U. S. Senator A. Willis Robertson (Democrat, Virginia) requested the U. S. Senate Committee on Banking and Currency to conduct an inquiry. Hearings began on July 25, 1949, in Washington. In a preliminary statement, Senator Robertson outlined its purposes as follows:

"This Committee is interested in finding out the extent of power which industry-wide labor organizations have acquired, the manner in which this power is being exercised, and the effects on the various segments of our economy."

Excerpts from the testimony of different witnesses are herewith presented. They include pungent, thought-provoking comments on the effects of the three-day week, labor monopolism, national anti-trust policy, and the implied drift toward an artificially-imposed scarcity with its "austerity" way of life.

## NATIONAL COAL ASSOCIATION

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## WITNESSES

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John D. Battle, Executive Vice President National Coal Assn., Washington, D. C. ....	4, 9, 10, 20
Tyre Taylor, General Counsel Southern States Industrial Council .....	4, 15, 22, 25
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Theodore R. Iserman, Attorney New York, N. Y. ....	7, 15, 16, 23, 24
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COMMENTS ON LABOR UNION MONOPOLISM  
With Respect to National Anti-Trust Policy As to Restraint of Trade

By the Hon. A. Willis Robertson:

"The 'stabilization' strikes, the current three-day week imposed on the coal industry by the United Mine Workers of America, the threatened strike in steel and the continued tie-up of shipping in Hawaii, are all recent developments which reemphasized the need for such an investigation. This committee will seek to find out the extent of power which industry-wide labor organizations have acquired, the manner in which the power is being exercised, the effects of the economic power of unions in the coal industry and in industry generally upon banking and credit policies, small business enterprises, consumers, prices and national economic stabilization." (July 25, 1949)

\* \* \*

"Examples of possible labor monopolies are the United Mine Workers of America, controlling roughly 85 per cent of the output of anthracite and bituminous coal; CIO steel workers union, controlling 90 per cent of the output of steel; CIO rubber workers, controlling substantially all of the output of rubber products; CIO electrical workers, controlling the output of a substantial part of electrical goods; the Railroad Trainmen, controlling the operation of the railroads of the United States; the Longshoremen's Unions, controlling the loading and unloading of vessels; the Teamsters; the Musicians; the Typographers; Carpenters, and so forth." (July 25, 1949)

\* \* \*

"The policies of labor unions do not, unfortunately, simply affect labor or management, but the steady trend towards higher and higher cost of the product places the ultimate burden squarely upon the shoulders of American consumers who are already heavily overtaxed. When John L. Lewis, for example, imposes unreasonable terms upon a willing or unwilling management, the consumer is conspicuously absent at the bargaining table. His only protection is the Congress of the United States. The adverse economic effects of union monopoly are reflected in higher costs of production, higher prices of commodities or services furnished, restrictions on the supply of commodities or services, irregularity of production, irresponsibility for the performance of a contract, invasion of the field of management, excessive gains at the expense of the public generally. Frequently, the higher costs and prices promote the use of competing commodities or services and therefore reduce employment in the monopolized industry. In short, union monopoly has the same general tendency as industrial monopoly. Labor monopoly tends to foster industrial monopoly." (July 25, 1949)

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By George H. Love:

"Granting that a union has the legal right to bargain nationally in regard to wages and the hours during which a particular employee may work, we do not believe it was ever intended that the right should carry with it the power to restrict production and therefore commerce, to limit the days or hours during which a particular mining operation may work or in any way to dictate the amount of time during which an owner may have use of the various mining facilities and tools in which he may have invested." (July 25, 1949)

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By Harry M. Moses:

"The economic power of the Union (United Mine Workers) comes out of its ability to cause a suspension of operation at any mine or group of mines for any period of time it desired." (July 25, 1949)

\* \* \*

"A national wage agreement, plus the Union's power to shut off production at any mine or group of mines, gives it an economic power which, if abused, becomes detrimental to the industry and the entire national economy. The United Mine Workers of America have demonstrated an arbitrary abuse of this economic power that should cause grave concern as to our ability to continue the levels of production which are required by our economy, as well as our ability to maintain the efficiency of our operation." (July 25, 1949)

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By John D. Battle:

"I feel keenly that those who enacted our anti-trust laws never intended by exempting unions from their provisions that such exemptions would be used to restrict production, destroy values, and bring about a production limitation of an industry by the union simply because of the immunities granted under the act." (July 25, 1949)

\* \* \*

"Shall a union have the power under our laws to do that which management is expressly prohibited from doing?" (July 25, 1949)

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By Tyre Taylor:

"Mr. Lewis did not enact that provision of the Clayton Act which exempts labor unions from the anti-trust laws. He did not enact the NIRA, or the Norris-La Guardia Act, or the National Labor Relations Act. Congress enacted all these laws. Nor did Mr. Lewis decide the Hutcheson and the Allen Bradley cases, whereby the exemption of the unions from the anti-trust laws was judicially confirmed and established. The Supreme Court did that." (July 29, 1949)

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By Thurman Arnold:

"In my judgment, if the law is left in its present state, the danger is not only the restriction of coal production against the will of the coal operators, if that be the case here, which I have no doubt is true, but the danger is also a combination between coal operators, building contractors, any form of industry, and any union to do the very thing which the anti-trust laws forbid." (July 26, 1949)

\* \* \*

"If you want to combine and restrict production and raise prices of aluminum or building materials or anything else all you have to do under the present law is to get the union to initiate it, and then you give in and you accomplish something you couldn't do under the anti-trust laws, so I think the situation is a very dangerous one." (July 26, 1949)

\* \* \*

"I think that wages and hours is a legitimate union activity, anything that concerns wages and hours. When, however, this wages and hours becomes used as a pretext to restrict production, and achieve control over management and production, it then falls, or should fall, upon the prohibitions of the Sherman Act as an illegitimate activity of labor." (July 26, 1949)

\* \* \*

"Here you don't even worry about monopoly. This is clearly an illegitimate purpose (three-day week), or should be made so, and is unquestionably a restraint of trade, so that in handling the matters before this committee, I think that all we need to do is to say that no union can combine and allow, and use their combined powers for these enumerated purposes." (July 26, 1949)

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By Justin Potter:

"In my opinion, the union (United Mine Workers of America) by written or spoken word, can shut down one of the nation's great industries; it can dictate how much coal the nation can have and when it can have it; it can allocate production as between mines and producing fields; it can reduce storage piles; it can shut down industries because of lack of fuel; it can make railroads take off trains and lay off workers; it can dominate the country if it is not stopped and that right now." (July 28, 1949)

\* \* \*

"We discussed that (a shut-down) and decided that if we had refused to run the three days (UMW imposed work-week) they did permit us to run, we might be guilty of a lock-out." (July 28, 1949)

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By L. C. Gunter:

"The important question (labor monopoly in restraint of trade) is what can be done to remedy the situation? The problem is not easy and the answer is difficult. One of the solutions is to make the possessor of monopolistic power subject to the anti-trust laws just the same as required of other citizens. A second help for the problem would be to require the unions to accept responsibility for their contracts." (July 26, 1949)

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By Rolla D. Campbell:

"In looking over the Statutes of the United States dealing with the subject, it seems to me that Congress could approach the problem best by an amendment to Section 2 of the Sherman Act, making another section of Section 2, to prohibit the monopoly by any labor organization in any industry in interstate commerce which might have the power to jeopardize the maintenance of the nation's economy or any substantial segment thereof. Appropriate references would also have to be made to those provisions of the Clayton Act and Norris-LaGuardia Act which the Supreme Court has relied upon as evidencing the intent of Congress to exempt unions from coverage by the anti-trust laws." (July 28, 1949)

\* \* \*

"As I view such legislation, it would do no harm to collective bargaining. Acting under it, if a union got to a size where a strike by it could imperil the nation or any substantial segment of the nation then it would become an unlawful union and the courts, proceeding under such an amendment (to Sherman Act) would do exactly as they do with respect to corporations. They would break the union up into segments, then prescribe the limits of the permissible cooperation between those segments. But the unions and business organizations would then be on a parity of treatment." (July 28, 1949)

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By Joseph E. Moody:

"The nubbins of this inquiry as I see it is whether it is a good thing for the country to have any private source with the power to regulate the output of an entire industry. I believe that such restriction on output is clearly contrary to the purposes of the anti-trust laws, which are based on the public policy that restraint as to output and/or prices is inimical to the public welfare." (July 28, 1949)

\* \* \*

"It is quite clear that these (anti-trust) laws prevent industrial management from taking action in restraint of output or prices. It is also clear that industrial management cannot combine with a union to take such action but, incongruously, it is the law that if the union is strong enough it can impose such a program and be immune. Is this immunity sound public policy?" (July 28, 1949)

\* \* \*

By Joseph E. Moody:

"To us it borders on the hypocritical to permit a union to force a group of employers to do the very thing that they are prohibited from doing by agreement. We do not want and do not like the decree (three-day week) of the union. We think it violates the spirit of the anti-trust laws if it does not violate the words." (July 28, 1949)

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By Theodore R. Iserman:

"Our people always have been sensitive to great concentrations of power. We have many laws against monopoly in business, and those few monopolies in business that we tolerate we regulate in detail. Yet, as we shall see, we have nurtured monopoly in labor until it now has become greater and more powerful than any other we have ever known, able to defy the President himself, as it repeatedly has done, and to force him to meet its terms. Our problem now is to reduce it to reasonable proportions and to regulate, at least, its more obvious abuses and abuses by employers that it protects. No more important or more urgent task confronts Congress." (August 2, 1949)

\* \* \*

"The Supreme Court has held repeatedly that these laws (Sherman Act, Clayton Act, Norris-LaGuardia Act) even relieve labor unions of accountability when the direct purpose and effect of their activities is to restrain trade." (August 2, 1949)

\* \* \*

"Labor monopoly is wide-spread. A union's power, if it is limited to employees of a single employer, has no greater effect upon our general economy than has the power of that employer to control his business. But when unions extend their control to employees of two or more competing enterprises, they create combinations of employees that can have upon our general economy effects as adverse as can those combinations of employers that our anti-trust laws forbid." (August 2, 1949)

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By George B. Christensen:

"There neither is, nor has been at any time since 1890, and perhaps before, any single business man, any two business men or any single business organization that could wreak the harm on the country that Mr. Lewis, Mr. Johnson and Mr. Whitney, exercising their powers of control over goods and services, not through business organizations, but through labor organizations, have wreaked. Those simple facts by themselves are ample justification for these hearings and in my judgment are ample justification for this committee to recommend clear and positive legislation that will bring an end to such an intolerable situation." (August 2, 1949)

\* \* \*



By George B. Christensen:

"The Sherman Act in some administrations has been enforced vigorously and in others less so, but looking at its over-all history, it is apparent that it has prevented any single corporation or combination of capital from gaining a throttle hold on any section of the economy and has prevented any business group from exercising the autocratic powers that are exercised by several unions today....The history as to labor combinations is just the reverse."(August 2, 1949)

\* \* \*

".....the test of legality today is no longer what was done, and what is its effect upon free trade, but is simply, who did it? If it was done by anyone but a labor union, then trade has been restrained illegally. If a labor union does it, it is perfectly legal no matter what its effect on trade." (August 2, 1949)

\* \* \*

"John L. Lewis has demonstrated that he has a far greater monopoly in coal today than John D. Rockefeller ever had in oil....." (August 2, 1949)

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STATEMENTS ON LABOR UNION MONOPOLISM  
Made to the U. S. Senate Committee on Banking and Currency

By the Hon. A. Willis Robertson:

"Where an industry is organized on a nationwide basis and a deflationary period occurs, unions will resist reductions in wages and will insist upon spreading the work and a restriction of output so as to hold up the price level. The imposition of the three-day week by the United Mine Workers is in line with this tendency. The monopoly unions refuse to recognize deflationary tendencies and to take wage reductions which may be required for volume production. The rigidity of the wage structure under such conditions is bad for the public economy. It means quick extinction for the marginal and high-cost producers who are unable to look to their employees for any help during rough periods. The more efficient and successful concerns become more strongly entrenched. Small business is peculiarly the victim of labor monopolies." (July 25, 1949)

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By the Hon. James E. Murray:

"If Democracy is to survive, it must be vigilant, strong, and constantly able to defend itself against any force or organization which sets itself up to dictate to the Government. When rulers of industrial empires, when rulers of big unions, when any economic power grows so big and becomes so arrogant as to threaten the state, then indeed is the people's Government in jeopardy. This has become such a time." (Statement made January 2, 1947, by U. S. Senator James E. Murray, Democrat, Montana, and quoted by U. S. Senator A. Willis Robertson on July 25, 1949.)

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By John D. Battle:

"No group, whether representing labor or business, should be permitted to exercise a monopolistic control over a vital commodity, particularly when it is a commodity essential to the general welfare of the public. When any labor union arbitrarily says, 'You may run your plants three days per week, and no more, if you wish to run them at all,' then it is time that those who write our laws should look most carefully into the matter and determine what is best in the public interest." (July 25, 1949)

\* \* \*

By John D. Battle:

"If the power rests with the union to decide how many days an industry or any substantial segment thereof can use its facilities to produce, then we have reached the stage where all of us should understand that we live and function at the discretion of the labor unions and that there is no equality under the law. It takes no imagination to see where this will lead." (July 25, 1949)

\* \* \*

"There is no monopoly in the bituminous coal industry from the standpoint of the owners and operators of coal mines; secondly, there is a monopoly control of labor in the bituminous coal industry." (July 25, 1949)

\* \* \*

"The owners of coal mines are fully aware of the fact that even if they wished to do so, they could not get together and agree on limiting production. They could not agree to fix prices in combination with others. They could not agree to restrict and divide up markets, and they have no desire to do so. Yet, strange as it may seem, they find themselves the victims of an action that does restrict production, disarrange markets, and generally makes their operations costly and more unprofitable as time goes on." (July 25, 1949)

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By Harry M. Moses:

"The wage agreements which have been brought about in the bituminous coal industry, during and since the recent war, were not negotiated agreements. They were the result of ultimatums that were enforced under manufactured crises by the force of economic power wielded by the Union. The United Mine Workers of America has evidenced a complete contempt of laws which were intended to bring a restraint to such power." (July 25, 1949)

\* \* \*

"This (three-day week) creates the unheard of situation of the United Mine Workers of America, without benefit of contract of any kind and without agreement with anyone, saying to the coal mine owners of America, we will permit you to operate your wholly-owned facilities three days per week because we, the officers of the United Mine Workers of America, by means of the public press and letters to our local unions, are advising our membership that after Wednesday of each week they (the membership) are not willing or able to work until the following Monday. This can be changed to one day or to four days, or production can be stopped entirely by the same means, without notice to anyone and without regard for the public need, the welfare of the miners, or the solvency of the industry." (July 25, 1949)

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By Thurman Arnold:

"The particular instance (three-day week) which the Committee has before it is, I think, the most dangerous abuse of union power of them all, and that is the power of the union deliberately to force employers into a combination to restrict production. I say it is dangerous because, once this device gets going, you will find that the coal operators or the aluminum people, or anybody else may follow their natural inclinations, and perhaps as businessmen should if that is the law, and when we find a demand for the union which actually allows them to raise prices and restrict production, they will collapse very easily, if that be the law." (July 26, 1949)

\* \* \*

"We have gone a long way in saying, and we have said it, that labor may attempt to monopolize the labor supply. A few unions have succeeded in doing it. But in that power there must be some limitations on the purposes for which they may use it, or it becomes a very dangerous monopoly power." (July 26, 1949)

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By Frank H. Terrell:

"I can see no reason why the unions should not be subject to the same laws as are other citizens or as are corporations. Certainly the United Mine Workers of America is as powerful and big an organization as any corporation in America. It seems to me that they should be subject to the same restrictive laws as are corporations; to the same restrictive laws as are individuals." (July 26, 1949)

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By L. C. Gunter:

"The constant suspension of coal mining due to wildcat strikes, mourning periods, and stabilization shut-downs has given coal users the fear that one man with his monopolistic control of labor has their comfort, safety, and security in the hollow of his hand with the result that they are turning away from coal wherever possible." (July 26, 1949)

\* \* \*

"Collective bargaining became collective clubbing. We had a series of ultimatums laid down to us and we were told that we could accept them or leave them; that in the event we did not accept them we did not operate the mines." (July 26, 1949)

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By Rolla D. Campbell:

"The general effects of monopoly by any group are well known. A monopoly usually restricts output. It tends to eliminate competition. It brings higher prices. It promotes inefficiency. It raises barriers and resistance to progress in operations and product improvement. It causes higher costs. In short, where you have monopoly, you usually have a scarcity economy as contrasted with an economy of abundance." (July 27, 1949)

\* \* \*

"Industrywide bargaining, as we know it in the coal industry, necessarily defeats our concepts of what fair collective bargaining ought to be. There may have been a time before unions were organized on an industrywide basis when the employer had the advantage at the bargaining table, but that time has long since passed, and the situation has reversed itself. When the miners meet with the operators at the bargaining table, there isn't any doubt who holds the cards." (July 27, 1949)

\* \* \*

"The United Mine Workers, as well as other industry-wide unions, do have monopolies of supply and representation of labor in these very essential industries. They exercise that monopoly and the power derived therefrom without any hesitancy, whenever it suits their wishes. They do so for the purpose of improving, as they see it, the economic status of their members, and they do, like all people possessed of monopoly, sooner or later exercise the power without any regard to the public interest. That being so, it would seem that something is going to have to be done to restrain and impose some limitations upon these monopolies." (July 28, 1949)

\* \* \*

"The core of the difficulty we now face is monopoly...the obvious cure of the disease would be to eradicate the monopoly." (July 28, 1949)

\* \* \*

"I think that most employers today are not against the use of the right to strike. They believe that both employers and employees ought to be able to use their economic power to settle disputes. The reason for that belief is that if you once take away from either unions or employers the right to suspend work or suspend employment, as the case may be, then the public interest will demand that some other form or means of settling disputes be substituted. That form can take only one method--by public regulation--where you would fix wages, and hours and working conditions." (July 28, 1949)

\* \* \*



By Rolla D. Campbell:

"We will have to pay certain prices for that competitive economy. One of those prices is that we will have to have a certain degree of flexibility in our wage scales. Coal cannot remain on a high cost plateau if everything else goes down. If the industry-wide unionization keeps coal up on the high plateau of costs when everything else goes down, then we know what will happen to the coal industry. It will die of economic strangulation." (July 28, 1949)

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By Justin Potter:

"I am familiar with the power of the United Mine Workers which, at the present time, unfortunately, I consider to be above that of our government so far as coal is concerned." (July 28, 1949)

\* \* \*

"There were no labor problems at any of these mines. The men working in them had elected not to join the union and they wanted to work. But the union willed that they should not; and since the law enforcement officers had admitted their impotency to deal with the situation, they were forced to quit." (July 29, 1949)

\* \* \*

"You can see that even when official protection is offered, as it was in West Virginia and as it was not in West Kentucky, the union, by its threats, wields power that transcends that of the State and the laws that have been enacted to protect private property and the right to work." (July 28, 1949)

\* \* \*

"Anybody in this country, whether they are big or small, ought to be put on the same basis. If the union maintains a monopoly, or rather the men that run the union maintain a monopoly, if monopoly is harmful to this country, then in some manner they ought to be brought to the same position as a fellow that operates a small mine--or a large one." (July 28, 1949)

\* \* \*

"If you had competition such as you now have between the Progressive Union (Progressive Mine Workers of America, in midwest) and the United Mine Workers of America, it would go a long way toward correcting it (labor union monopoly)." (July 28, 1949)

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By Jesse V. Sullivan:

"The fiat of Mr. Lewis imposing the three-day week on the coal industry is a manifestation of his lust for increased control of that industry. It is a power never exercised heretofore by any person." (July 28, 1949)

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By Jesse V. Sullivan:

"In addition to the heavy economic losses suffered in West Virginia, the Lewis monopoly edict has resulted in increased lawlessness. Most of his followers place Lewis above the law and their union above the government. When Mr. Lewis directs the union miners to work Monday, Tuesday, and Wednesday and to remain idle on the succeeding three days, gangs of roving pickets began to traverse Harrison, Lewis and Upshur Counties in central West Virginia and close mines where men had the will to work." (July 28, 1949)

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By Joseph E. Moody:

"Insistence upon a nationwide uniform (wage) contract for the coal industry is like insisting that feet of varying sizes fit the same size shoes." (July 28, 1949)

\* \* \*

"We are negotiating with the United Mine Workers of America. I am not certain that 'negotiating' is the right word. We have met and talked with Mr. John L. Lewis and his associates." (July 28, 1949)

\* \* \*

"To appropriately investigate the problem, Congress must examine three subjects:

- "1. The extent to which labor organizations should be made amenable to the anti-trust laws, in order to prevent them from using their monopoly of labor to restrain trade and commerce.
  - "2. The extent to which industry-wide bargaining tends to result in curtailment of competition.
  - "3. The extent to which local unions do or do not exercise an effective voice in regard to collective bargaining contracts made to govern the wages and working conditions of their members." (July 28, 1949)
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By Donald Richberg:

"It is sheer hypocrisy to demand the destruction by Government of monopolies developed and controlled by business managers and at the same time to demand the protection by Government of monopolies developed and controlled by labor managers.....Labor leaders who denounce business monopolies and defend their own stifling of competition as necessary to protect the livelihood of working men and women, are helping to destroy freedom of labor and make further Government controls and the advance of national socialism inevitable." (Statement made

before a Congressional Committee on July 27, 1949, by this onetime head of the National Recovery Administration, now a Washington, D.C., attorney. It was inserted into the record by Mr. Joseph E. Moody, July 28, 1949.)

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By Tyre Taylor:

"For all practical purposes, the UMW (United Mine Workers) exercises total control over coal production in this country. I think we can go even further and say that, in this particular situation, the monopoly is personal. A single individual--Mr. John L. Lewis--has it in his power to suspend production entirely--as he has done in the numerous industrywide strikes of recent years. Or he can systematically curtail production--while at the same time successfully stalling against collective bargaining--as he is now doing through the imposition of the three-day week." (July 29, 1949)

\* \* \*

"This monopoly in coal, rail transportation and certain other industries directly affects the national welfare. Not only is every prolonged strike in coal or rail transportation a 'national emergency' strike which endangers the health and safety of vast numbers of our people, but union restrictive and monopolistic practices applied to these basic industries weaken the entire economy." (July 29, 1949)

\* \* \*

"A characteristic of this monopoly is that, at least up to the present, it is strictly a union monopoly. It is not participated in by management." (July 29, 1949)

\* \* \*

"The union (United Mine Workers) has the exclusive right, protected by law, to the exclusion of the worker himself, to negotiate the wages, hours of work, retirement benefits, and other terms and conditions of employment." (July 29, 1949)

\* \* \*

"To me one of the most interesting and significant things about Mr. Lewis' latest excursion into the realm of monopolistic production and price control is the total absence of any criticism or protest on the part of our so-called 'Liberals' who have been preaching the need for a constantly expanding production in order to prevent a depression." (July 29, 1949)

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By Theodore R. Iserman:

"Up to 1935, our laws merely granted immunity to monopolies of labor. Since then, the laws have created monopolies, have extended them, and have provided machinery for maintaining them and enforcing their powers." (August 2, 1949)

\* \* \*

By Theodore R. Iserman:

".....now, unions have nearly 15,000,000 members. This is due to the Wagner Act and policies of the National Labor Relations Board, which in administering that law has in effect forced workers into unions and has subjected millions of them to the monopolistic control of unions not of their own choosing. Nearly all of our great industries, steel, coal, automobiles, rubber, oil, electrical products, textiles, milling, chemicals, packing, ferrous and non-ferrous metal mining, shipping, trucking, railroads, utilities, are almost completely organized." (August 2, 1949)

\* \* \*

".....in our country today, labor monopolies exist at virtually every stage of the process of making every commodity." (August 2, 1949)

\* \* \*

"We have dozens of agencies to control evil practices in business but none at all to control evil practices in labor unions and I think we ought to have them." (August 2, 1949)

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By George B. Christensen:

"These powers to dictate bargains, to stop and to start industry, all rest on the fact that unions are permitted to control all, or substantially all, of the labor supply for the particular enterprise or industry. This means that the man who works for a living, on the one hand, and the employer who needs to employ labor, on the other hand, must meet the union's terms or starve." (August 2, 1949)

\* \* \*

"No citizen ought to be required to join some private organization and pay a tax to it in order to earn his bread." (August 2, 1949)

\* \* \*

"The side of the labor monopoly that the public faces is that absolute control of the goods or services of the industry is left to the manipulation of the labor monopolist." (August 2, 1949)

\* \* \*

"All this (evils of labor monopolism) could be averted by removing the unions' special exemptions from anti-trust laws and amending our anti-trust laws to permit unions that same degree of integration within an industry which the industry itself is allowed. Big-nation-wide monopolistic unions should be broken down into unions comparable in size and bargaining power to the industrial organizations in which they operate." (August 2, 1949)

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By George B. Christensen:

"We have witnessed what has happened to England under a combination of monopoly unionism and the cartel system of doing business. That system can produce neither the quality nor quantity of goods nor the living standard that ours has. Our system of competitive capitalism and individual liberty has given the American people the highest standard of living in the world. Monopoly unionism and compulsory unionism inevitably will destroy it." (August 2, 1949)

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**EFFECT OF THE UNION-IMPOSED THREE-DAY WEEK**  
**On Bituminous Coal Production and Prices**

By the Hon. A. Willis Robertson:

"The test of the existence of labor monopoly is whether, by concerted strike or denial of services, the public generally or in a region can be denied access to commodities or services essential to the existence of the national or regional economy. The three-day week in the coal industry is no longer an instance of a bona fide attempt by labor unions to better their working conditions through shorter hours and higher wages. It is a bold, overt act to control production and prices, the assertion of a power or right in the labor union to stabilize the industry upon its own terms through production control." (July 25, 1949)

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By George H. Love:

"We believe the officers of the United Mine Workers have grievously erred in ordering work only on Monday, Tuesday and Wednesday of each week, because this control of production, like any other artificial control, is basically wrong and is retarding an industry which has been moving towards greater and greater efficiencies at even an accelerated rate to compete with other forms of energy, primarily oil and gas. For all practical purposes, this limitation of the use of facilities is a confiscation of a large part of the capital invested in these facilities which progressive operators see as a necessary means to reduce the cost of coal to the consumer." (July 25, 1949)

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"When the thought of a three-day week was presented by the miners to the operators, the operators moved for adjournment. They met in their particular districts. They came back and reported to the miners that unanimously they were completely and wholly against any limitation of use of facilities." (July 25, 1949)

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"In the month of August we (Pittsburgh Consolidation Coal Company) will lose 400,000 tons, the bulk of that, because it is coal going to the Eastern Seaboard, and the consumers will use that much oil. When you only work facilities three days a week your cost of operations are higher than if you operated five. We are having a hard time competing with oil. In fact, we are not competing successfully in a lot of places. So if our costs go up, eventually prices will follow. Therefore we will be in a worse competitive position with oil." (July 25, 1949)

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By George H. Love:

"The rough figures are that in coal 60 per cent of our cost is labor, and in oil it is only 8 per cent, so the net result of a switch to oil means less employment." (July 25, 1949)

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"I have heard varying figures, and our own figures, showing that a particular mine operating three days a week, as opposed to five days, on this wage scale will have costs varying from 30 cents a ton to some 60 cents a ton higher, operating on a three-day basis." (July 25, 1949)

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By Harry M. Moses:

"The restrictions now being imposed (three-day week) by the Union make it quite apparent that many substantial investments may prove to be ill-advised, inasmuch as production which is being realized under the Union's restrictive action does not justify the capital investment involved. Certainly no rational person will make or authorize further substantial investments without some guarantee that the facilities thus created will be able to produce in the volume for which they were designed." (July 25, 1949)

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By the Hon. A. Willis Robertson:

"Now I want to run over with you some possibly adverse facts of the monopoly power of the mine workers. As I call them out you may check me. Otherwise, I shall assume that you will agree with these various items that I will enumerate:

- "1. Higher prices to consumers.
- "2. Higher costs to the mines.
- "3. Loss of coal.
- "4. Increase of hazard through intermittent operation.
- "5. Loss of business to competing fuels and sources of energy as a result of unexpected strikes and intermittent operation.
- "6. Lack of control of cost and therefore of prices.
- "7. Lowered annual earnings on behalf of the miners who might earn more money annually if they worked more steadily even at lower wages.
- "8. Depressed economic conditions in the coal fields, and related loss of business to the railroads and their employees.

"Do you agree with those?" (July 25, 1949)

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By George H. Love:

"I agree with every one you mentioned." (July 25, 1949)

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By John D. Battle:

"No actual figures are available to me as to the increase in cost of producing because of this three-day limitation, though I am sure the cost will materially increase. I have heard figures ranging from 25 cents to 75 cents per ton increase in cost." (July 25, 1949)

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By L. C. Gunter:

"Such an order (UMW imposed three-day week) can only result in decreased tonnage, increased costs, higher prices to the consumers and lower earnings for union members. The order is in every respect the very antithesis of collective bargaining and a display of autocratic control of the industry resulting from a monopolistic control of the labor of which over 80 per cent belongs to his (Lewis') union." (July 26, 1949)

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"The plight of these operators (in Tennessee and Eastern Kentucky), who might be called the little businessmen of the coal industry, is serious under the operation of the three-day week. I might say here that the term 'three-day week' is a misnomer as it is a 'Monday, Tuesday and Wednesday' week since, if any of these three days is lost due to mine disability, car shortages, power failure, or to absenteeism, the lost time cannot be made up." (July 26, 1949)

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"I don't see how they can help but pass this additional cost to the consumer which, I think it is safe to say, would average at least 50 cents a ton throughout the field (Tennessee and parts of Eastern Kentucky)." (July 26, 1949)

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"The average earnings of the coal miner are about \$15 or \$16 a day. Under a three-day system he would, of course, have to live on returns from that amount of money. He cannot do that and live at all comfortably under the present costs, so that he really needs an opportunity to work longer periods than that in order to produce more money for himself and family." (July 26, 1949)

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By Rolla D. Campbell:

"There is no concessional element of any variety in the attitude which our companies have taken towards the three-day week. We simply are the victims of overwhelming power." (July 27, 1949)

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"The burden on the sales and distribution departments of the producing companies is something that I cannot describe to you. They never know from day to day how much coal they are going to be able to produce, to whom they will ship it, where it will go, and they live almost on the principle of a fire department. They give coal to the customers, but it certainly isn't any orderly businesslike procedure." (July 27, 1949)

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By Justin Potter:

"As a consequence of high cost, customers in great numbers have gone to the use of other fuels. With other fuels not under the domination of the United Mine Workers and not subject to so many strikes and with coal costs about to increase again, there is bound to be an overwhelming further drift to other fuels as they become available." (July 28, 1949)

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"This is an economic condition that can be stopped only by diminishing the dictatorial power of the UMW so that we can have free competition in the coal business." (July 28, 1949)

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"The income of the men working there has been reduced 40 per cent (by the three-day week imposed by UMW). As a matter of fact, we have occasional break-downs in those three allotted days. We are not permitted to run three days; there are just three particular days on which we can run. I should say we average a half-day break-down, so the income is virtually cut in half." (July 28, 1949)

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"Our costs we think will go up about 80 cents at our Crescent mine and probably 40 to 50 cents a ton at our Williams mine (as a result of the UMW imposed three-day week)." (July 28, 1949)

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By the Hon. A. Willis Robertson:

"Is the maintenance of your mines increased because of idleness?" (July 28, 1949)

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By Justin Potter:

"We have a roof condition in our Crescent mine that has to be maintained as it goes along, and when we leave it from Wednesday to the following Monday, it usually takes about 30 to 40 men to clean it up and get it ready for the next day, which would not otherwise be necessary." (July 28, 1949)

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By Tyre Taylor:

"The first and immediate effect (of the UMW imposed three-day week) is to raise the price of coal to all consumers and to dislocate the system of distribution and supply. The three-day week--or strike--every-Thursday--edict results in a 40 per cent reduction in working time, and the experience up to now indicates that this means a decrease in production of at least 50 per cent. This means that fixed costs must be borne by half of the customary production. You (the Senate Committee) have heard various tentative estimates as to the amount of increase per ton and they have ranged from 10 cents for the most efficient, low-cost operations to \$1.00 per ton for the marginal mines." (July 29, 1949)

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By A. R. Long:

"An arbitrary three-day week will greatly increase the cost of production and consequent necessary increases in price will cause further loss to competitive fuels. Salaries of all supervisory personnel, office sales and administrative employees, taxes, interest charges and all other overhead costs would have to apply to three-day week production." (July 29, 1949)

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"The high cost of our field (Alabama) has made it increasingly difficult to maintain a competitive position with other fuels, and the imposition of the three-day week has made the situation so much worse that several long established larger mines and many smaller ones are being forced to liquidate. The three-day week is not stabilization in Alabama, but is resulting in serious economic consequences that adversely affect every producer and consumer of coal in our area." (July 29, 1949)

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COMMENTS RELEVANT LABOR UNION MONOPOLISM.  
As Inimical to Free Enterprise and Abetting Trend to Nationalization

By George H. Love:

"There were two take-overs (government seizures), if you want to call them that, that I recollect something about. That was in 1943 and 1946. Normally speaking, we are notified that the Government is taking over our properties, and normally the chief operating executive of the company is named operating manager for the Government of the particular property or properties. We go on operating the mines to the best of our ability. The Government may establish various regulations for us as to procedure, as to our accounting, although up to date it made no difference in our accounting, as to safety practices, and so on. Then, for all practical purposes, the Government then enters into our role with the union. In other words, in 1946, when we could not reach an agreement with the United Mine Workers, the Government took over the mines. We continued as active managers of the properties, but the Government then started negotiations with Mr. Lewis, which concluded in the so-called Krug-Lewis agreement, which established the welfare fund."  
(July 25, 1949)

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By Rolla D. Campbell:

"Unless something is done (curbing labor union monopolism) then I think that we can project into the future a course of action which may parallel what has occurred in England. In England both (coal) operators and unions wanted security. They did not like competition. The result was that the competitive urge on the operators to improve their mines was removed. They did not make improvements in their properties. The mines would use the same machinery with which they started, even though it was 40 or 50 years old and antiquated. The unions adopted restrictive practices. They would only produce so much. They resisted mechanization, and they too demanded security. Well, what they got was a ridiculously low output per man-shift, and exceedingly high costs.....Great Britain in effect has had to subsidize her mining industry by nationalization, and I think that most of the industries which have taken over in England, unless it be the banks, are those industries which, because of failure of competition, have died economically and have become a burden." (July 28, 1949)

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By Theodore R. Iserman:

"Political wages far above economic wages, on the other hand, in the end depress the whole economy. You have only to look at the present state of things in England to see that." (August 2, 1949)

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By Theodore R. Iserman:

"We find the most far-reaching results of labor monopoly in industries that have been longest organized, coal, clothing, printing, railroads and construction. But labor monopoly is developing rapidly and along the same lines in trucking, shipping, meat packing, long-shoring, shipbuilding, flat glass, and many others. Unless we act, and act promptly, we may expect to see the same and even more far-reaching results in most of our basic industries. When that time comes, government will be forced to intervene in all industry, as it has done so often in coal, railroads and steel; and politics, not free collective bargaining, will govern terms of employment, and politics, not competition, will regulate American enterprise; and we will have gone farther along the road toward facism than we now contemplate." (August 2, 1949)

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"What direction will this intervention take? More and more 'fact finding,' with the government in the end dictating wages, profits and prices? If so, we can see now the end of free collective bargaining and of free competitive enterprise, and more and more facism." (August 2, 1949)

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By Jesse V. Sullivan:

"We are not so far away from socialism in this country as some may think. Mr. Lewis has never publicly acclaimed any affinity for socialism, but Mr. William Green, now President of the American Federation of Labor, and Mr. Phil Murray, now President of the CIO, back in 1921, when they held office in the UMW and were subject to the advice and control of Mr. Lewis, appeared before the Senate Committee on Education and Labor, and the Senate Committee on Manufactures, advocating the nationalization of coal mines, and government ownership of the railroads." (July 28, 1949)

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By Joseph E. Moody:

"Our experience convinces us that intervention by the government which took the form of seizures in the past does not solve the problems of this industry. In the past it has saddled the industry with permanent problems. The industry was seized five times. Three of these times the Government accepted the Union's contract almost in toto. On the two other occasions, the results were favorable to the Union." (July 28, 1949)

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By Tyre Taylor:

"The history of the Government's seizures of bituminous mines and the concessions won by the UMW (United Mine Workers) as a result explains as well as anything the reason for the perpetual labor crisis in coal. True collective bargaining in the industry is dead and recurring crises will plague the nation until it is restored." (July 29, 1949)

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**UNITED MINE WORKERS WELFARE AND RETIREMENT FUND**  
**As Discussed Before the U.S. Senate Committee on Banking and Currency**

By L. C. Gunter:

"We are supposed to have a representative on that (UMW Welfare and Retirement Fund) board. I never see any statements of any kind from that board, except such information as you read in the papers occasionally." (July 26, 1949)

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"The fact is that under the present set-up the public is called upon to pay a double tax to members of the United Mine Workers. They not only pay the 20 cents royalty, or 20 cents assessment for the benefit of that fund, but in addition they are paying the regular Social Security money that these miners draw under the same provisions that other citizens draw." (July 26, 1949)

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By Rolla D. Campbell:

"The welfare fund is also another means for maintaining monopoly, and I call your attention to the fact that the Welfare Fund is for the benefit only of the members of the United Mine Workers of America, although the taxes are not limited to the coal produced by members of the United Mine Workers of America.....The fund amounts to about \$100 million a year. The disposition of that much money at the will and discretion of the trustees--and I think it is fair to say that the 'trustees' means John L. Lewis, President of the United Mine Workers of America--gives the union an enormous power. A union member is going to think several times before he resigns from the union and deprives himself of the possible benefits of that fund." (July 28, 1949)

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"One interesting little device of the welfare fund is that the pensioners are now available for use as pickets, and organizers. They are out of work, but they are collecting \$100 a month from the fund, and naturally they are interested in doing anything the union suggests, so when the union needs pickets, or somebody to go around and close down a mine, they have got an active body of pensioners available for that purpose." (July 27, 1949)

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By Harry M. Moses:

"I have disagreed constantly with the welfare fund. However, that has been taken out of the hands of the coal operators by reason of the fact that it was set up as a trust, and the coal operators are just in the position of the father of a family--he just pays the bills; he has nothing to say about how it is run." (July 25, 1949)

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By Joseph E. Moody:

"When a (coal) miner comes in he can buy a pack of aspirin tablets, identify himself, and that bill is sent to the Welfare Fund and is paid by them. Now it seems to us that we have gone far afield from what can be properly a production cost of mining coal."  
(July 28, 1949)

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