



“Labor unions are too powerful today, but were useful in the past.”

TO BELIEVE that labor unions actually improve the lot of the working people is to admit that the capitalist economy fails to provide fair wages and decent working conditions. It is to admit that our free economy does not work satisfactorily unless it is “fortified” by union activity and government intervention.

The truth is that the unhampered market society allocates to every member the undiminished fruits of his labor. It does so in all ages and societies where individual freedom and private property are safeguarded. It did so 1,900 years ago in Rome, in eighteenth-century England, and in nineteenth-century America.

The reason grandfather earned \$5 a week for 60 hours of labor must be sought in his low productivity, not in the absence of labor unions. The \$5 he earned constituted full and fair payment for his productive efforts. The economic principles of the free market, the competition among employers, a man’s mobility and freedom of choice, assured him full wages under the given production conditions.

Wages were low and working conditions primitive because labor productivity was low, machines and tools were primitive, technology and production methods were crude when compared with today’s. If, for any reason, our productivity were to sink back to that of our forebears, *our* wages, too, would decline to their levels and our work week would lengthen again no matter what the activities of labor unions or the decrees of government.

In a free market economy, labor productivity determines wage rates. As it is the undeniable policy of labor unions to reduce this productivity, they have in fact reduced the wages and working

conditions of the masses of people although some privileged members have benefited temporarily at the expense of others. This is true especially today when the unions enjoy many legal immunities and vast political powers. And it also was true during the nineteenth century when our ancestors labored from dawn to dusk for low wages.

Through a variety of coercive measures, labor unions merely impose higher labor costs on employers. The higher costs reduce the returns on capital and curtail production, which curbs the opportunities for employment. This is why our centers of unionism are also the centers of unemployment.

True enough, the senior union members who happen to keep their jobs do enjoy higher wages. But those who can no longer find jobs in unionized industries then seek employment in nonunionized activity. This influx and absorption of excess labor, in clerical occupations, for instance, tends to reduce their wages, which accounts for the startling difference between union and nonunion wage rates. It gives rise to the notion that labor unions do benefit the workingmen. In reality, the presence of the nonunionized sectors of the labor market hides the disastrous consequences of union policy by preventing mass unemployment.

The rise of unionism during the past century is a result of the fallacious labor theory of value, which held that all profit and rent and interest had to come out of the “surplus value” unfairly withheld from the workers. Labor unions are the bitter fruit of this erroneous theory, with a record of exploitation of workers far more grievous than the alleged evils the unions were supposed to rectify.

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