



**"We must break up economic power."**

FOR YEARS, the term "economic power" was used almost exclusively to suggest something bad about Big Business. But now, with the increasing concern over the "economic power" of labor unions, it seems high time to examine the charge. Just what is the nature of economic power? And to what extent, if any, do labor unions have it? Or, is it some other kind of power that unionism exerts?

In terms of human relationships, the word *power* means the ability to influence others, whereas *economic* has something to do with the management of one's own business. *Economic power*, then — unless it is a total contradiction of terms — must refer to the voluntary market-exchange arrangements in a so-called free society. It must mean purchasing power, or the ability to get what you want from others by offering to trade something of yours that they want.

A workable exchange economy presupposes various conditions, including the infinite variability in human beings with their differing wants and differing capacities to fulfill such wants. Men with specialized skills, tolerant of their reasonable differences, and respectful of the lives and properties of one another, have reason to cooperate, compete, and trade, thus serving others in order to serve themselves. This is the kind of noncoercive, creative power that has provided most of the tools, capital, technological development, goods, services, and leisure that are available in increasing quantities to increasing numbers of per-

sons over the world. This, briefly, is economic power.

In what respects, then, and to what extent, do labor unions possess and wield economic power? Unions, as organizations of laborers, represent a great deal of economic power in the form of ever-scarce, always-valuable, creative human effort. Any person with the skill and strength and will to produce something of value to himself or to any potential customer possesses economic power. If others will buy his goods or services, he has purchasing power. Every man who works with head or hands and has a valuable service to offer is a potential customer or trader or buyer for the services of other laborers. The variability of natural talents, magnified in many instances through specialized training, explains why laborers can and do trade services to mutual advantage. All savers and property owners also are potential buyers of labor, particularly when their savings are in the form of business properties with facilities and tools and managerial talent of the job-providing type. The greater such capital accumulation within a society, the greater is the demand for human labor to put it to its most productive use, and the greater is the purchasing power of every available laborer. Clearly, human labor possesses tremendous economic power, with infinite opportunity for multiplication through judicious accumulation and use of savings. But such purchasing power inheres in individuals, whether or not they belong to labor unions.

As previously hinted, one of the prior conditions for an optimum of production, trade, and voluntary cooperation among men is a common or mutual respect for human life and for the personal means of sustaining life: namely, private property. Peace and progress within society are threatened every time any person resorts to violence, coercion, theft, or fraud to fulfill his wants at the expense of, and without the consent of, others involved. Such power, used in an attempt to obtain something for nothing, is in sharp contrast to the economic power involved in peaceful purchase or trade.

Obviously, if human labor is to achieve its maximum purchasing power, then it is essential that savings, as well as skills, be protected as private property in the hands of, and under the control of, those individuals responsible for their accumulation and development — those who have proven themselves in open competition most fit to be in charge of the economic goods or services involved. Throughout history, mankind has looked to government to provide such protection for life and property. Government is organized coercive power, hopefully designed to suppress any and all attempts at violence, force, or fraud that might threaten the life or property of any peaceful person. The power of government is political rather than economic, a power of taxation and seizure rather than purchasing power through voluntary exchange. This is why the ideal of a free society requires that government be strictly limited

in scope to the defense of life and property, otherwise leaving all peaceful persons to their own devices, producing, trading, and what not.

Now, consider for a moment some forms of human action — some expenditures of human labor — that might be classified as coercive rather than economic. For instance, robbery, or seizure of another person's property without his consent, would so qualify. The enslaving and forcing of other human beings to work against their will could not properly be called an exercise of economic power. It isn't economic power if force is used to curb active or potential competition — as when one producer or group threatens or employs violence to bar the efforts of others to produce; or when one or more sellers deny other sellers access to an uncommitted market demand; or when certain laborers combine to deny other laborers access to open job opportunities. Such individual actions or combinations in restraint of production and trade are coercive in nature — monopolistic attempts to suppress, prohibit, repulse, control, and interfere with the economic power of peaceful cooperation.

It is precisely such coercive practices that the government is supposed in theory to suppress, so that all individuals may concentrate on their respective creative specialties. And whenever the officially recognized government cooperates with, condones, or merely fails to inhibit private or unofficial resort to violence and coercion, these forces, in effect, take control and become the government, thus perverting it from an agency of defense to one of actual assault against life and property.

Nor is this abuse of coercive power always or necessarily the product of bad intentions; more often than not the aims may seem quite laudable — to aid the poor, the weak, the young, the old, the

underdeveloped, the sick, the starving. But however worthy the aims, troubles arise the moment coercive power instead of economic power is employed to achieve such goals. Coercive power, while the safest and most effective kind of power when politically organized and managed for protective purposes, is wholly unsuited for any creative purpose. That's why it is so very important that government be strictly limited in scope and function to the suppression of lesser or private attempts at violence and coercion. Leave all else to the unbounded creative economic power of individuals competing and cooperating voluntarily in their mutual interest and to their mutual benefit. Every extension of coercive power, beyond the bare minimum required to maintain peace and order, is at the expense of economic power and diminishes its potential achievements for the improvement of man and society.

Let us summarize here with a listing of some of the major distinctions between the two kinds of power:

<u>Economic</u>	<u>Coercive</u>
Purchase	Seize
Exchange	Tax
Diversify	Conform
Compete	Monopolize
Advertise	Suppress
Promote	Prohibit
Serve	Control
Cooperate	Interfere
Assist	Restrain
Attract	Repulse
Create	Destroy
Develop	Limit
Multiply	Divide
Tolerate	Assault
Reward	Penalize

Now, let's return to our original question and consider in what respects and to what extent labor unions in the United States today possess and wield economic power as distinguished from coercive power. We have already recognized the tremendous economic power

possessed by laborers in the form of creative human effort. But what happens to this economic power in the process of organizing a labor union?

If membership in the union is voluntary, then exchange presumably occurs, the laborer offering his dues in return for something useful from the union such as improved communication with management, better knowledge of job opportunities, of market conditions, of competitive wage rates, and the like. Conceivably, some laborers may well gain considerably from such an expenditure or trade, greatly improving their capacities to serve themselves and others, without coercion against or injury to anyone concerned. Such a beneficial representative function would clearly come under the category of economic power in a labor union.

But what can be said of other union powers: the flaunting of minority and individual rights; the tax-like collection of dues for uses objectionable to some members; the enforced conformity to featherbedding and make-work practices, boycotts, seniority patterns, slowdowns, strike orders, and the like; the monopolistic practice of excluding nonmembers from job opportunities; the warlike picketing of private property; the shootings, bombings, wrecking, destruction, open violence, and intimidation? What kind of power is this?

If it is a coercive threat to life, liberty, and property, then in theory the government must suppress it. Otherwise, such coercion will, in effect, displace the duly constituted government and pervert it into an agency of assault against life and property. In any event, it seems highly improper to refer to this major, coercive aspect of modern labor unionism as a form of economic power. Economic power is a blessing — not a burden — to individuals and to society.

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