
POWER AND PRIVILEGE: LABOR UNIONS IN AMERICA

by Morgan O. Reynolds

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Reviewed by Brian Summers

MORGAN REYNOLDS does an admirable job in analyzing labor unions, their legal privileges, and their economic consequences. His carefully reasoned arguments are easy to follow and are buttressed with many telling examples. The reader needs to bring nothing more than an open mind.

Professor Reynolds begins where most labor economists fear to tread: the nature of unionism. Labor unions, he shows, are legal monopolies. Through various Acts of Congress, National Labor Relations Board rulings, and Supreme Court decisions, unions have obtained monopoly power over the labor supply in key industries.

According to popular opinion, this monopoly power is needed to counterbalance the power of employers. But most observers fail to see the obvious: When unions strike, employers are not on the receiving end of union threats and violence. The object of the strikers' wrath is anyone who wishes to work. A strike isn't an expression of worker solidarity;

it is an act of civil war between those who want to work and those who resort to violence to prevent others from working.

Such monopoly power has grave economic consequences. When unions force wage rates above market-clearing levels, a labor surplus is created, and thousands of workers lose their jobs. Some of these workers have to seek employment in the nonunion sector, where increased competition among workers drives wage rates lower.

How should unions be dealt with? Many concerned people believe that union force should be met with government counterforce. But countering violence with more violence doesn't get to the heart of the problem. Professor Reynolds offers a more basic solution:

"It is fruitless and naive to blame unions for their use of force to pursue monopoly gains or urge them to reform themselves. They are responding to incentives that allow them basically to operate outside of the rule of law, despite the huge and expanding web of labor rules and regulations. The long-run answer to the power of unions is to eliminate their special legislation, their legal immunities, and their special governmental agencies and to treat unionists in a manner consistent with everyone else under contract and tort law." ⊕

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