

FREEMarket

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UNIONS VS. WORKERS

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Most of the commentary on the ongoing propaganda campaign against Wal-Mart ignores what is probably the most important aspect of it: It is primarily a labor-union-inspired campaign against Wal-Mart employees, as well as the company in general. This is the essential truth of all union organizing campaigns. Historically, all of the violence, libel, and intimidation that goes along with “organizing campaigns” has been directed at competing, nonunion labor, not management. The Wal-Mart campaign is no different.

The propaganda campaign against Wal-Mart is what is known as a “corporate campaign” in the labor union literature. There are very few strikes these days in America; so-called “corporate campaigning” is the new form of organizing. Unions finally wised up to the fact that, while striking may be great fun, with all the name-calling antics and destruction of property, it rarely got them anywhere. In fact, if replacement workers are hired during a strike all union employees lose their jobs. Strikes increasingly became an all cost/no benefit proposition, which is why they are so rare these days.

There are several rationales for corporate campaigns. For one, they have been a way of unionizing a workplace without directly involving the employees in cases where unions know they do not have employee support. There have been many instances where unions have lost certification elections by very large margins, telling them that they have no hope of organizing a particular company’s employees.

Rather than giving up, however, they will frequently initiate a corporate campaign against the company. The idea is to use every means possible to impose costs on the company, forcing it to increase its prices; embarrass the company’s management with a campaign of slander; and portray the company in the media as some kind of social outlaw. It is easy for unions to generate such publicity with the assistance of various economically ignorant, capitalist-hating “nonprofit” groups, from clergy to environmentalists. If the company gives up and signs a union contract, all the complaints disappear immediately.

One tactic is to issue thousands of complaints about the company to regulators, who must then investigate the complaints, forcing the company to spend huge sums on legal fees. In addition, the union will issue press releases about how many complaints



there have been about the company, implying that all the complaints are somehow real and legitimate.

This may cost the company some customers if the publicity is bad enough. In the 1990s the corporate campaign against the nonunion grocery chain Food Lion caused the organization to shut down dozens of stores. (The company subsequently recovered as consumers discovered for themselves that the union's charges against Food Lion were bogus, but it still cost the company millions.)

In Maryland recently, the state legislature—which is totally in the pocket of the state's unions—passed a law forcing Wal-Mart to provide its workers with expensive, governmentally-prescribed health insurance, something that will certainly drive up its costs and make it less competitive compared to unionized stores.

The ultimate goal is to get the company to sign a union contract without ever involving the employees, a process that labor scholars call “pushbutton unionism.” So much for the fable of “union democracy.”

The United Food and Commercial Workers Union (UFCW), the largest union in the grocery industry, has been at the forefront of many corporate campaigns and is the chief organizer of the campaign against Wal-Mart. It is no secret that Wal-Mart's grocery prices are very much lower than they are in your typical, unionized grocery store chain. The “problem” facing the UFCW is that unionized grocery store chains tend to be much more expensive than nonunion grocery chains. Thus, they have waged long campaigns against such companies

as Food Lion in an attempt to drive up grocery prices—all in the “public interest,” of course.

As long as there is competition by the superior, nonunion grocery stores, the unionized stores cannot compete as well. The unionized stores will lose business to their superior, nonunion competitors and may even go bankrupt. The union will lose members and, more importantly, dues revenues. Thus, the role of the corporate campaign is either to unionize the nonunion stores so that they will become just as expensive and inefficient as the unionized ones, or at least impose costs on the nonunion companies that will achieve essentially the same outcome.

In either case, it is a patently anti-consumer policy that can only harm the employees of the “targeted” company. The whole idea of a corporate campaign is based on a Big Lie: That the union is somehow concerned about the well-being of nonunion employees at places like Wal-Mart. In reality, the objective of the union is to force those employees to either join its union (and pay its expensive dues) or become unemployed. This is true of all corporate campaigns, including the ones against Nike and other companies operating in Indonesia.

While the media may portray unions as Mother Teresas, concerned only with the plight of poor Indonesians, the reality is that the objective of the unions is to throw every last Indonesian who is employed by Nike out of work, forcing many of them to resort to begging, stealing, prostitution, or worse. That way, competition for higher-priced/lower quality textile goods produced in unionized factories in America will be

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reduced or eliminated. And the unions pretend to take the moral high ground in this patently immoral crusade.

America's universities are filled with economically ignorant haters of the free market, so university campuses have become major forums for union denunciations of such companies as Nike, Wal-Mart, and others. Faculty and students claim to be concerned about "social justice," but they are simply being used as dupes by unions who are not at all concerned with justice of any sort. Rather, their main concern is increasing the coffers of union treasuries by driving nonunion competitors from the market.

Today's college students may never learn the principles of supply and demand, or understand how many billions of dollars companies like Wal-Mart save American consumers (including their own families), but they are indoctrinated as freshmen that any "moral" person should hate "outlaw" corporations (as defined by the union movement).

Economically ignorant clergy often lend a hand in this union crusade to throw thousands of people out of work, lending an aura of "God's work" to this

immoral and antisocial crusade. And of course there are all the other usual suspects—environmentalists, "consumer activists," trial lawyers, and Wal-Mart's higher-cost competitors—who are happy to be a part of such smear campaigns.

So far, millions and millions of Americans have expressed disagreement with the smears against Wal-Mart by the UFCW and its accomplices by shopping there in record numbers. As always, the public has nothing at all to do with such anticorporate campaigns, which are always the work of small groups of union rabble rousers, intellectuals, and pundits desperate to portray themselves as being "on the side of the people."

The danger is if these opinion makers succeed in convincing politicians to follow the actions of the Maryland legislature, arguably the most economically ignorant group of legislators in America (I speak from experience, having testified several times before committees of these jokers). If this happens, the grocery industry will become less competitive, costing American consumers billions and destroying even more billions of dollars in shareholder wealth along with it. ■

THE MARKET FOR LEARNING

Llewellyn H. Rockwell, Jr.

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Speak of education and people think of classrooms, teachers, books, and politics. But rarely does the subject of economic theory figure in, except as it impacts the taxes we pay to fund public schools that are both shockingly wasteful and zero price to use. The consumers and payers are relentlessly disgruntled with them, so the political class "reforms" the schools every few years. But they are never fixed.

It is time we speak of fundamentals. Education is a service that is widely in

demand, like housing, food, and clothing. Especially these days, education is something that begins very early and continues through all stages of life. The forms and varieties that are demanded are as varied as the human spirit itself.

Why do we believe that markets cannot be wholly responsible for providing education, the same way they provide other services? Mostly because we don't

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News from the Institute

The Austrian Scholars Conference!

For students and professors studying the ideas of liberty, the Austrian Scholars Conference is the highlight of the academic year. It is international, interdisciplinary, rigorous, and unfailingly interesting. This year's conference is March 16–18, in Auburn, Alabama. Everyone is welcome to attend.

And what a tremendous relief from the usual professional conference, where it often seems as though attendees care little for the presentations. At the Austrian Scholars Conference, the sessions are well attended and lively, and commentators share certain assumptions concerning how the world works. For that reason, a person who presents one of the 80 or so papers at the conference can anticipate excellent commentary and criticism.

Each year features named speakers:

The Hayek Lecture: Robert Higgs (Independent Institute), “The Complex Path of Ideological Change.”

The Mises Lecture: Josef Šima (Prague School of Economics), “The Quest for a Property-Based, Misesian Economics.”

The Rothbard Lecture: Roderick T. Long (Auburn University), “Rothbard’s Left and Right: 40 Years Later.”

The Hazlitt Lecture: William Anderson (Frostburg State University), “An Austrian Analysis of the Fourth Estate.”

Lou Church Memorial Lecture: Robert P. Murphy (Hillsdale College), “The Tension Between Economics and Religion.”

Special Guest: Michael Rozeff (University at Buffalo), “Reflections on the Organization of Society Without a State.” ■

Summer at the Mises Institute

Summer at the Mises Institute is packed with programs for our summer fellows and visiting fellows:

Mises University, July 30–August 5. This is the Holy Grail of economics conferences for students, the program that has built the Austrian School from infancy to maturity over 20 years. It is harder and harder to get in, given the number of applications from all over the world. It’s a nice problem to have!

The 2006 Steven Berger Seminar: Thomas DiLorenzo on Liberty and American Civilization, June 5–9. Professor Thomas J. DiLorenzo, professor of economics at Loyola College in Maryland, is a senior faculty member of the Ludwig von Mises Institute. He will cover his books (*The Real Lincoln* and *How Capitalism Saved America*) and more.

Philosophy Seminar with Roderick Long, June 26–30. Roderick T. Long is associate professor of philosophy at Auburn University, editor of the *Journal of Libertarian Studies*, president of the Molinari Institute, Adjunct Scholar of the Ludwig von Mises Institute; and author of *Reason and Value: Aristotle versus Rand* and the forthcoming *Wittgenstein, Austrian Economics, and the Logic of Action*.

Commerce and Culture: A Seminar with Paul Cantor, July 24–28. Paul Cantor of the University of Virginia is a professor of literature, a Shakespeare scholar, and the pioneer of literary criticism from an Austrian perspective. He will address the complex relationship between economics and culture.

Austrian seminars. These programs run every week, and sometimes several times a week (and even several in a day!). Students and faculty present papers to colleagues and receive vigorous criticism and commentary from those present. All these will be podcast this year, reaching tens of thousands of subscribers.

With regard to the main job, research and writing, these students are in an enviable position: they have time and energy to pursue new research and let reading take them to new ideas and applications. It is a window of opportunity in one's academic career in which the demands of teaching loads and tenure applications are not weighing on them. Our magnificent libraries and technology make this possible, and make possible the cultivation of a new generation. ■

For Summer Fellowship applications or conference scholarships, see mises.org/events.

A World of Books

Remember the prediction that electronic media would displace physical books? Well, the opposite has happened. It has alerted a thirsting world to the existence of Misesian literature, and made it possible for people all over to have speedy access to texts through our online bookstore.

And much to our joy, our capacity to publish and distribute books has increased through the same technologies that have permitted us to put books online. The bottom line is that a vast number of new and old titles are rolling off the presses.

New:

Making Economic Sense by Murray Rothbard, 2nd edition. This is an expansion of the older edition, with additional pieces written for popular audiences. Here Rothbard closely engages economic events to elucidate economic principles and explain the headlines. It educates, thrills, and charms all at once.

Forthcoming:

Economic Policy: Thoughts for Today and Tomorrow, by Ludwig von Mises. We were stunned to discover that this wonderful book of lectures by Mises, delivered in Argentina, had gone out of print. But then we went to work to provide this Mises Institute edition, made possible with the permission of Bettina B. Greaves.

A Study Guide to Man, Economy, and State, by Robert Murphy. This was a monumental undertaking but the result is to make Rothbard's grand treatise far more accessible than it would otherwise be. We expect that this will open up many new classrooms and study groups to this book. The format is designed as a tool for reading and understanding the great modern classic in economics.

Money, Bank Credit, and Economic Cycles, by Jesús Huerta de Soto. If Mises was the great pioneer of monetary theory in the twentieth century, Rothbard did the same for banking. For the first time, their work has been integrated in a wonderful treatise, and expanded upon with legal, philosophic, and historical elaboration. This hugely important book already appeared in Spanish; the Mises Institute is pleased to publish the English edition.

For a New Liberty by Murray Rothbard. This book set the world on fire in 1973. After many years of being out of print, it will soon return in its full glory. There may still be time to contribute to this project and be listed in the book as a Patron.

These are just a few of the books that are new and forthcoming. ■

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have experience with a system of education free from government encroachment. Since the nineteenth century, American schools, and schools all over the world, have become the province of the state.

And why is that? We are surrounded by market-based alternatives to public schools. Private schools thrive on all levels, and in many models from religion-based nonprofit schools to for-profit business schools to highly specialized schools that teach people how to use complex software.

The reason the school sector is so imposed upon is because of the ideology of statism. The intellectuals that gave us public schools believe that the state should have the primary role in bringing about social and intellectual conformity. They sought a system that would instill loyalty to egalitarian civic ideals, prepare people for obedience, and marshal resources for national projects like economic planning and war.

Still, the American system of education has been mostly decentralized, by virtue of tradition and public resistance to the idea of federal control. The goal of a unified national system of education, however, has always lied in waiting. The left pushes it in the name of fairness and redistribution. The right pushes it in the form of national unity and high standards.

Whichever party is in power, the relentless trend is toward omnipotent government. This evil often comes from sources people least suspect, such as Republicans. They are now seeking, through sly and underhanded means, to put the federal government in charge of certifying the rigor of the nation's public high schools—an unprecedented power grab.

The evil originates with the Republican Senate, in a 774-page education bill that slathers another \$3.75 billion on the public education sector.

Nor is it news that this is a step up in federal spending on education. The presidency has racked up a frightening

spending record in every area of life. What is new is the idea that the federal government should certify schools. The measure gives \$750 to \$1,300 of your money to “low-income” freshmen and sophomores who have completed “a rigorous secondary school program of study” and even more to those who major in math and science.

That is to say, the feds will pay people to attend public schools they consider “rigorous.” Who is to say what constitutes a “rigorous” program? Something such as the wonderful institutions that have educated our illustrious bureaucratic class that manages our lives so well? Yes, perhaps that rigorous: it will be the permanently employed staff of the Department of Education.

What matters is not their definition, actually, but their control. For the first time in the country's history, we are going to do it in the Napoleonic style: we will have the central government dictating to the nation's high schools, deciding which are worthy and which are not.

Oh yes, the mandarins at the Department of Education will “consult” with the governors and the teachers' lobbies and various education panels—that means not you!—about what this means.

And what is the idea that the federal government should subsidize math and science specializations, as if it, and not individuals in the marketplace, knows best what skills are needed in society? Has anyone done any math and science testing on the Senate itself? There are priorities in education right now: we must stop federal intrusion, end the subsidies and school socialism, and arrest the tendency toward dictatorial control. We should roll back control to the lowest possible levels, privatize public property, repeal regulations, scrap compulsory attendance laws, and free the market.

No other agenda has a prospect for success, not vouchers, not another school reform, and certainly not appointing the federal government as Headmaster in Chief of the nation's high schools. ■

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- COMMERCE AND CULTURE: A SEMINAR WITH PAUL CANTOR
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