Because job security laws make it risky for private enterprises to hire new workers, during periods of rising demand for their products existing employees may be worked overtime instead, or capital may be substituted for labor, such as using huge busses instead of hiring more drivers for more regular-sized busses. However it is done, increased substitution of capital for labor leaves other workers unemployed. For the working population as a whole, there may be no net increase in job security but instead a concentration of the insecurity on those who happen to be on the outside looking in, especially younger workers entering the labor force or women seeking to re-enter the labor force after taking time out to raise children.

The connection between job security laws and unemployment has been understood by some officials but apparently not by much of the public, including the educated public. When France tried to deal with its high youth unemployment rate of 23 percent by easing its stringent job security laws for people on their first job, students at the Sorbonne and other French universities rioted in Paris and other cities across the country in 2006.

MINIMUM WAGE LAWS

Just as we can better understand the economic role of prices in general when we see what happens when prices are not allowed to function, so we can better understand the economic role of workers' pay by seeing what happens when that pay is not allowed to vary with the supply and demand for labor. Historically, political authorities set maximum wage levels centuries before they set minimum wage levels. Today, however, only the latter are widespread.

Minimum wage laws make it illegal to pay less than the government-specified price for labor. By the simplest and most basic economics, a price artificially raised tends to cause more to be supplied and less to be demanded than when prices are left to be determined by supply and demand in a free market. The result is a surplus, whether the price that is set artificially high is that of farm produce or labor.

Making it illegal to pay less than a given amount does not make a worker's productivity worth that amount— and, if it is not, that worker is unlikely to be employed. Yet minimum wage laws are almost always discussed politically in terms of the benefits they confer on workers receiving those wages. Unfortunately, the real minimum wage is always zero, regardless of the laws, and that is the wage that many workers receive in the wake of the creation or escalation of a government-mandated minimum wage, because they either lose their jobs or fail to find jobs when they enter the labor force. The logic is plain and an examination of the empirical evidence from various countries around the world tends to back up that logic, as we shall see.

Unemployment

Because the government does not hire surplus labor the way it buys surplus agricultural output, a labor surplus takes the form of unemployment, which tends to be higher under minimum wage laws than in a free market.

Unemployed workers are not surplus in the sense of being useless or in the sense that there is no work around that needs doing. Most of these workers are perfectly capable of producing goods and services, even if not to the same extent as more skilled or more experienced workers. The unemployed are made idle by wage rates artificially set above the level of their productivity. Those who are idled in their youth are of course delayed in acquiring the job skills and experience which could make them more productive— and therefore higher earners— later on. That is, they not only lose the low pay that they could have earned in an entry-level job, they lose the higher pay that they could have moved on to and begun earning after gaining experience in entry-level jobs. Younger workers are disproportionately represented among people with low rates of pay. Only about two percent of American workers over the age of 24 earn the minimum wage.

Although most modern industrial societies have minimum wage laws, not all do. Switzerland and Hong Kong have been among the exceptions— and both have had very low unemployment rates. In 2003, ***The Economist*** magazine reported: "Switzerland's unemployment neared a five-year high of 3.9% in February." Back in 1991, when Hong Kong was still a British

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colony, its unemployment rate was below 2 percent. Although Hong Kong still did not have a minimum wage law at the end of the twentieth century, in 1997 new amendments to its labor law under China's rule mandated many new benefits for workers, to be paid for by their employers. This imposed increase in labor costs was followed, predictably, by a higher unemployment rate that reached 7.3 percent in 2002— not high by European standards but a multiple of what it had been for years. In 2003, Hong Kong's unemployment rate hit a new high— 8.3 percent.

Higher costs for a given quantity and quality of labor tend to produce less employment, just as higher prices for other things tend to produce fewer sales. Moreover, higher costs in the form of mandated benefits have the same economic effect as higher costs in the form of minimum wage laws. The explicit minimum wage rate understates the labor costs imposed by European governments, which also mandate various employer contributions to pension plans and health benefits, among other things. Europe's unemployment rates shot up when such government-mandated benefits to be paid for by employers grew sharply during the 1980s and 1990s. In Germany, such benefits accounted for half of the average labor cost per hour. By comparison, such benefits accounted for less than one-fourth the average labor costs per hour in Japan and the United States. Average hourly compensation of manufacturing employees in the European Union countries in general is higher than in the United States or Japan. So is unemployment.

Comparisons of Canada with the United States show similar patterns. Over a five-year period, Canadian provinces had minimum wage rates that were a higher percentage of output per capita than in American states, and unemployment rates were correspondingly higher in Canada, as was the average duration of unemployment, while the Canadian rate of job creation lagged behind that in the United States. Over this five-year period, three Canadian provinces had unemployment rates in excess of 10 percent, with a high of 16.9 percent in Newfoundland, but none of the 50 American states averaged unemployment rates in double digits over that same five-year period.

A belated recognition of the connection between minimum wage laws and unemployment by government officials has caused some countries to allow their real minimum wage levels to be eroded by inflation, avoiding the

political risks of trying to repeal these laws explicitly,* when so many voters think of such laws as being beneficial to workers. These laws are in fact beneficial to those workers who continue to be employed— those who are on the inside looking out, but at the expense of the unemployed who are on the outside looking in.

Labor unions also benefit from minimum wage laws, and are among the strongest proponents of such laws, even though their own members typically make much more than the minimum wage rate. There is a reason for this. Just as most goods and services can be produced with either much labor and little capital or vice versa, so can most things be produced using varying proportions of low-skilled labor and high-skilled labor, depending on their relative costs. Thus experienced unionized workers are competing for employment against younger, inexperienced, and less skilled workers, whose pay is likely to be at or near the minimum wage. The higher the minimum wage goes, the more the unskilled and inexperienced workers are likely to be displaced by more experienced and higher skilled unionized workers. Just as businesses seek to have government impose tariffs on imported goods that compete with their products, so labor unions use minimum wage laws as tariffs to force up the price of non-union labor that competes with their members for jobs.

Among two million Americans earning no more than the minimum wage in the early twenty-first century, just over half were from 16 to 24 years of age— and 62 percent of them worked part time. Yet political campaigns to increase the minimum wage often talk in terms of providing "a living wage" sufficient to support a family of four— such families as most minimum wage workers do not have and would be ill-advised to have before they reach the point where they can feed and clothe their children. The average family income of a minimum wage worker is more than $44,000 a year— far more than can be earned by someone working at minimum wages. But 42 percent of minimum-wage workers live with parents or some other relative. Only 15 percent of minimum-wage workers are supporting themselves and a

* In the United States, the minimum wage remained unchanged during the entire two terms of the Reagan administration in the 1980s. This meant that it declined in real terms, adjusted for inflation. See Bradley R. Schiller, ***The Economics of Poverty and Discrimination***, tenth edition, pp. 108–109.

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Nevertheless, a number of American cities have passed "living wage" laws, which are essentially local minimum wage laws specifying a higher wage rate than the national minimum wage law. Their effects have been similar to the effects of national minimum wage laws in the United States and other countries— that is, the poorest people have been the ones who have most often lost jobs.

The huge financial, political, emotional, and ideological investment of various groups in issues revolving around minimum wage laws means that dispassionate analysis is not always the norm. Moreover, the statistical complexities of separating out the effects of minimum wage rates on employment from all the other ever-changing variables which also affect employment mean that honest differences of opinion are possible. However, when all is said and done, most empirical studies indicate that minimum wage laws reduce employment in general, and especially the employment of younger, less skilled, and minority workers.

A majority of professional economists surveyed in Britain, Germany, Canada, Switzerland, and the United States agreed that minimum wage laws increase unemployment among low-skilled workers. Economists in France and Austria did not. However, the majority among Canadian economists was 85 percent and among American economists was 90 percent. Dozens of studies of the effects of minimum wages in the United States and dozens more studies of the effects of minimum wages in various countries in Europe, Latin America, the Caribbean, Indonesia, Canada, Australia, and New Zealand were reviewed in 2006 by two economists at the National Bureau of Economic Research. They concluded that, despite the various approaches and methods used in these studies, this literature as a whole was one "largely solidifying the conventional view that minimum wages reduce employment among low-skilled workers."

Those officially responsible for administering minimum wage laws, such as the U. S. Department of Labor and various local agencies, prefer to claim that these laws do not create unemployment. So do labor unions, which have

a vested interest in such laws as protection for their own members' jobs. In South Africa, for example, *The Economist* reported:

> The main union body, the Congress of South African Trade Unions (Cosatu) says joblessness has nothing to do with labour laws. The problem, it says, is that businesses are not trying hard enough to create jobs.

In Britain, the Low Pay Commission, which sets the minimum wage, has likewise resisted the idea that the wages it set were responsible for an unemployment rate of 17.3 percent among workers under the age of 25, at a time when the overall unemployment rate was 7.6 percent.

Even though most studies show that unemployment tends to increase as minimum wages are imposed or increased, those few studies that seem to indicate otherwise have been hailed in some quarters as having "refuted" this "myth." However, one common problem with some research on the employment effects of minimum wage laws is that surveys of employers before and after a minimum wage increase can survey only those particular businesses which survived in both periods. Given the high rates of business failures in many industries, the results for the surviving businesses may be completely different from the results for the industry as a whole.* Using such research methods, you could interview people who have played Russian roulette and "prove" from their experiences that it is a harmless activity, since those for

* Imagine that an industry consists of ten firms, each hiring 1,000 workers before a minimum wage increase, for an industry total of 10,000 employees. If three of these firms go out of business between the first and the second surveys, and only one new firm enters the industry, then only the seven firms that were in existence both "before" and "after" can be surveyed and their results reported. With fewer firms, employment per firm may increase, even if employment in the industry as a whole decreases. If, for example, the seven surviving firms and the new firm all increase their employment to 1,100 employees each, this means that the industry as a whole will have 8,800 employees—fewer than before the minimum wage increase—and yet a study of the seven surviving firms would show a 10 percent *increase* in employment in the firms surveyed, rather than the 12 percent *decrease* for the industry as a whole. Since minimum wages can cause unemployment by (1) reducing employment among all the firms, (2) by pushing marginal firms into bankruptcy, or (3) discouraging the entry of replacement firms, reports based on surveying only survivors can create as false a conclusion as interviewing people who have played Russian roulette.

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whom it was not harmless are unlikely to be around to be interviewed. Thus you would have "refuted" the "myth" that Russian roulette is dangerous.

Even an activist organization that has been promoting "living wage" laws, the Association of Community Organizations for Reform Now (ACORN), sought to get its own employees exempted from minimum wage laws. Its argument: "The more that Acorn must pay each individual outreach worker— either because of minimum wage or overtime requirements— the fewer outreach workers it will be able to hire."

It would be comforting to believe that the government can simply decree higher pay for low-wage workers, without having to worry about unfortunate repercussions, but the preponderance of evidence indicates that labor is not exempt from the basic economic principle that artificially high prices cause surpluses. In the case of surplus human beings, that can be a special tragedy when they are already from low-income, unskilled, or minority backgrounds and urgently need to get on the job ladder, if they are ever to move up the ladder by acquiring experience and skills.

Conceivably, the income benefits to those low-wage workers who keep their jobs could outweigh the losses to those who lose their jobs, producing a net benefit to low-income individuals and families as a whole— at least in the short run, ignoring the long-run consequences of a failure of many low-skilled people to acquire job experience and skills, which could be a larger economic loss in the long run than the loss of pay in an entry-level job. But to say that there might conceivably be benefits to low-income people does not mean that this will in fact happen. A study of the effects of minimum wages in Brazil explored this possibility:

> The purpose of this study is to examine whether the minimum wage in Brazil has beneficial effects on the distribution of family incomes, in particular raising incomes of low-income families. While such distributional effects are the most common rationale for minimum wages, economic theory makes no prediction that they will occur. Minimum wages are predicted to reduce employment, and research for both Brazil and the United States tends to confirm this prediction. But all this implies is that minimum wages will harm some workers while benefiting others. The distributional effects depend on the magnitudes of the gains and losses, and where they occur in the income distribution— a purely empirical question. Research for the United States finds no gains to low-

> income families from minimum wage increases, and if anything increases in poverty. . . . Overall, then, we do not regard the evidence as lending support to the view that minimum wages in Brazil have beneficial distributional effects from the perspective of low-income families.

Unemployment varies not only in its quantity as of a given time, it varies also in how long workers remain unemployed. Like the unemployment rate, the *duration* of unemployment varies considerably from country to country. Countries which drive up labor costs with either high minimum wages or generous employee benefits imposed on employers by law, or both, tend to have longer-lasting unemployment, as well as higher rates of unemployment. In Germany, for example, there is no minimum wage law but government-imposed mandates on employers, job security laws, and strong labor unions artificially raise labor costs anyway. Unemployment in Germany lasts 12 months or longer for more than half the unemployed, while in the United States only about 10 percent of the unemployed stay unemployed that long.

Informal Minimum Wages

Sometimes a minimum wage is imposed not by law, but by custom, informal government pressures, labor unions or— especially in the case of Third World countries— by international public opinion or boycotts pressuring multinational companies to pay Third World workers wages comparable to the wages usually found in more industrially developed countries. Although organized public pressures for higher pay for Third World Workers in Southeast Asia and Latin America have made news in the United States in recent years, such pressures are not new nor confined to Americans. Similar pressures were put on companies operating in colonial West Africa in the middle of the twentieth century.

Informal minimum wages imposed in these ways have had effects very similar to those of explicit minimum wage laws. An economist studying colonial West Africa in the mid-twentieth century found signs telling job applicants that there were "no vacancies" almost everywhere. Nor was this peculiar to West Africa. The same economist— P.T. Bauer of the London School of Economics— noted that it was "a striking feature of many under-

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developed countries that money wages are maintained at high levels" while "large numbers are seeking but unable to find work." These were of course not high levels of wages compared to what was earned by workers in more industrialized economies, but high wages relative to Third World workers' productivity and high relative to their alternative earning opportunities, such as in agriculture, domestic service, or self-employment as street vendors and the like— that is, in sectors of the economy not subject to external pressures to maintain an artificially inflated wage rate.

The magnitude of the unemployment created by artificially high wages that multinational companies felt pressured to pay in West Africa was indicated by Professor Bauer's first-hand investigations:

> I asked the manager of the tobacco factory of the Nigerian Tobacco Company (a subsidiary of the British-American Tobacco Company) in Ibadan whether he could expand his labour force without raising wages if he wished to do so. He replied that his only problem would be to control the mob of applicants. Very much the same opinion was expressed by the Kano district agent of the firm of John Holt and Company in respect of their tannery. In December 1949 a firm of produce buyers in Kano dismissed two clerks and within two days received between fifty and sixty applications for the posts without having publicized the vacancies. The same firm proposed to erect a groundnut crushing plant. By June 1950 machinery had not yet been installed; but without having advertised a vacancy it had already received about seven hundred letters asking for employment. . . I learnt that the European-owned brewery and the recently established manufacturers of stationery constantly receive shoals of applications for employment.

Nothing had changed fundamentally more than half a century later, when twenty-first century job seekers in South Africa were lined up far in excess of the number of jobs available, as reported in the *New York Times*:

> When Tiger Wheels opened a wheel plant six years ago in this faded industrial town, the crush of job seekers was so enormous that the chief executive, Eddie Keizan, ordered a corrugated iron roof to shield them from the midday heat.
>
> "There were hundreds and hundreds of people outside our gate, just sitting there, in the sun, for days and days," Mr. Keizan recalled in an interview. "We had no more jobs, but they refused to believe us."

Why then did wage rates not come down in response to supply and demand, leading to more employment at a lower wage level, as basic economic principles might lead us to expect? According to the same report:

> In other developing countries, legions of unskilled workers have kept down labor costs. But South Africa's leaders, vowing not to let their nation become the West's sweatshop, heeded the demands of politically powerful labor unions for new protections and benefits.

The net result was that when this company, which had made aluminum wheels solely in South Africa for two decades, expanded its production, it expanded by hiring more workers in Poland, where it earned a profit, rather than in South Africa, where it could only break even or sustain a loss. The misfortunes of eager but frustrated African job applicants were only part of the story. The output that they could have produced, if employed, would have made a particularly important contribution to the economic well-being of the consuming public in a very poor region, lacking many things that others take for granted in more prosperous societies.

It is not at all clear that workers as a whole are benefitted by artificially high wage rates in the Third World. Employed workers— those on the inside looking out— obviously benefit, while those on the outside looking in lose. For the population as a whole, including consumers, it would be hard to make a case that there is a net benefit, since there are fewer consumer goods when people willing to work cannot find jobs producing those consumer goods. The only category of clear beneficiaries are people living in richer countries, who enjoy the feeling that they are helping people in poorer countries, or Third World leaders too proud to let their workers be hired at wage rates commensurate with their productivity.

While South African workers' productivity is twice that of workers in Indonesia, they are paid five times as much— when they can find jobs at all. In short, these productive South African workers are not "surplus" or "unemployable" in any sense other than being priced out of the market by politicians.

As already noted in Chapter 9, South African firms use much capital per worker. This is more efficient for the firms, but only because South African

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labor laws make labor artificially more expensive, both with minimum wage laws and with laws that make laying off workers costly. "Labour costs are more than three-and-a-half times higher than in the most productive areas of China and a good 75% higher than in Malaysia or Poland," according to *The Economist*. With such artificially high costs of South African labor, it pays employers to use more capital but this is not greater efficiency for the economy as a whole, which is worse off for having so many people unemployed, which is to say, with so many resources idled instead of being allocated.

South Africa is not unique. A National Bureau of Economic Research study, comparing the employment of low-skilled workers in Europe and the United States found that, since the 1970s, such workers have been disproportionately displaced by machinery in European countries where there are higher minimum wages and more benefits mandated to be paid for by employers. The study pointed out that it was since the 1970s that European labor markets moved toward more control by governments and labor unions, while in the United States the influence of government and labor unions on labor markets became less. The net result has been that, despite more technological change in the United States, the substitution of capital for labor in low-skilled occupations has been greater in Europe. Sometimes the work of low-skilled labor is not displaced by capital but simply dispensed with, as the study noted:

> It is close to impossible to find a parking attendant in Paris, Frankfurt or Milan, while in New York City they are common. When you arrive even in an average Hotel in an American city you are received by a platoon of bag carriers, door openers etc. In a similar hotel in Europe you often have to carry your bags on your own. These are not simply trivial traveler's pointers, but indicate a deeper and widespread phenomenon: low skilled jobs have been substituted away for machines in Europe, or eliminated, much more than in the US, while technological progress at the "top" i.e., at the high-tech sector, is faster in the US than in Europe.

Just as a price set by government below the free market level tends to cause quality deterioration in the product that is being sold, because a shortage means that buyers will be forced to accept things of lower quality than they would have otherwise, so a price set above the free market level tends to cause a rise in average quality, as the surplus allows the buyers to

cherry-pick and purchase only the better quality items. What that means in the labor market is that job qualification requirements are likely to rise and that some workers who would ordinarily be hired in a free market may become "unemployable" when there are minimum wage laws. Unemployability, like shortages and surpluses, is not independent of price.

In a free market, low-productivity workers are just as employable at a low wage rate as high-productivity workers are at a high wage rate. During the long era from the late nineteenth century to the mid-twentieth century, when black Americans received lower quantities and lower qualities of education than whites in the South where most lived, the labor force participation rates of black workers were nevertheless slightly higher than those of white workers. For most of that era, there were no minimum wage laws to price them out of jobs and, even after a nationwide minimum wage law was passed in 1938, the wartime inflation of the 1940s raised wages in the free market above the minimum wage level, making the law largely irrelevant until it was amended in 1950, beginning a series of minimum wage escalations.

If low-wage employers make workers worse off than they would be otherwise, then it is hard to imagine why workers would work for them. "Because they have no alternative" may be one answer. But that answer implies that low-wage employers provide a better option than these particular workers have otherwise— and so are ***not*** making them worse off. Thus the argument against low-wage employers making workers worse off is internally self-contradictory. What would make low-wage workers worse off would be foreclosing one of their already limited options. This is especially harmful when considering that low-wage workers are often young, entry-level workers for whom work experience can be more valuable in the long run than the immediate pay itself.

Differential Impact

Because people differ in many ways, those who are unemployed are not likely to be a random sample of the labor force. In country after country around the world, those whose employment prospects are reduced most by minimum wage laws are those who are younger, less experienced or less

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skilled. This pattern has been found in New Zealand, France, Canada, the Netherlands, and the United States, for example. It should not be surprising that those whose productivity falls furthest short of the minimum wage would be the ones most likely to be unable to find a job.

In early twenty-first century France, the national unemployment rate was 10 percent but, among workers under the age of twenty five, the unemployment rate was more than 20 percent. In Belgium, the unemployment rate for workers under the age of twenty five was 22 percent and in Italy 27 percent. During the global downturn in 2009, the unemployment rate for workers under the age of 25 was 21 percent in the European Union countries as a whole, with more than 25 percent in Italy and Ireland, and more than 40 percent in Spain. In Australia, the ***lowest*** unemployment rate for workers under the age of 25, during the entire period from 1978 to 2002, never fell below 10 percent, while the ***highest*** unemployment rate for the population in general barely reached 10 percent once during that same period. Australia has an unusually high minimum wage, relatively speaking, since its minimum wage level is nearly 60 percent of that country's median wage rate, while the minimum wage in the United States is just over one-third of the American median wage rate.

Some countries in Europe set lower minimum wage rates for teenagers than for adults, and New Zealand simply exempted teenagers from the coverage of its minimum wage law until 1994. This was tacit recognition of the fact that those workers less in demand were likely to be hardest hit by unemployment created by minimum wage laws.

Another group disproportionately affected by minimum wage laws are members of unpopular racial or ethnic minority groups. Indeed, minimum wage laws were once advocated explicitly because of the likelihood that such laws would reduce or eliminate the competition of particular minorities, whether they were Japanese in Canada during the 1920s or blacks in the United States and South Africa during the same era. Such expressions of overt racial discrimination were both legal and socially accepted in all three countries at that time.

Again, it is necessary to note how price is a factor even in racial discrimination. That is, surplus labor resulting from minimum wage laws

makes it cheaper to discriminate against minority workers than it would be in a free market, where there is no chronic excess supply of labor. Passing up qualified minority workers in a free market means having to hire more other workers to take the jobs they were denied, and that in turn usually means either having to raise the pay to attract the additional workers or lowering the job qualifications at the existing pay level— both of which amount to the same thing economically, higher labor costs for getting a given amount of work done.

The history of black workers in the United States illustrates the point. As already noted, from the late nineteenth-century on through the middle of the twentieth century, the labor force participation rate of American blacks was slightly higher than that of American whites. In other words, blacks were just as employable at the wages they received as whites were at their very different wages. The minimum wage law changed that. Before federal minimum wage laws were instituted in the 1930s, the black unemployment rate was slightly *lower* than the white unemployment rate in 1930. But then followed the Davis-Bacon Act of 1931, the National Industrial Recovery Act of 1933 and the Fair Labor Standards Act of 1938— all of which imposed government-mandated minimum wages, either on a particular sector or more broadly.

The National Labor Relations Act of 1935, which promoted unionization, also tended to price black workers out of jobs, in addition to union rules that kept blacks from jobs by barring them from union membership. The National Industrial Recovery Act raised wage rates in the Southern textile industry by 70 percent in just five months and its impact nationwide was estimated to have cost blacks half a million jobs. While this Act was later declared unconstitutional by the Supreme Court, the Fair Labor Standards Act of 1938 was upheld by the High Court and became the major force establishing a national minimum wage. As already noted, the inflation of the 1940s largely nullified the effect of the Fair Labor Standards Act, until it was amended in 1950 to raise minimum wages to a level that would have some actual effect on current wages. By 1954, black unemployment rates were double those of whites and have continued to be at that level or higher. Those particularly hard hit by the resulting unemployment have been black teenage males.

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Even though 1949— the year before a series of minimum wage escalations began— was a recession year, black teenage male unemployment that year was lower than it was to be at any time during the later boom years of the 1960s. The wide gap between the unemployment rates of black and white teenagers dates from the escalation of the minimum wage and the spread of its coverage in the 1950s. The usual explanations of high unemployment among black teenagers— inexperience, less education, lack of skills, racism— cannot explain their rising unemployment, since all these things were worse during the earlier period when black teenage unemployment was much lower. Taking the more normal year of 1948 as a basis for comparison, black male teenage unemployment then was less than half of what it would be at any time during the decade of the 1960s and less than one-third of what it would be in the 1970s.

Unemployment among 16 and 17-year-old black males was no higher than among white males of the same age in 1948. It was only after a series of minimum wage escalations began that black male teenage unemployment not only skyrocketed but became more than double the unemployment rates among white male teenagers. In the early twenty-first century, the unemployment rate for black teenagers exceeded 30 percent. After the American economy turned down in the wake of the housing and financial crises, unemployment among black teenagers reached 40 percent.

COLLECTIVE BARGAINING

So far we have been considering labor markets in which both workers and employers are numerous and compete individually and independently, whether with or without government regulation of pay and working conditions. However, these are not the only kinds of markets for labor. Some workers are members of labor unions which negotiate pay and working conditions with employers, whether employers are acting individually or in concert as members of an employers' association.