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SETTING WORKERS FREE TO CHOOSE

BY MATTHEW LAU

FRONTIER CENTRE FOR PUBLIC POLICY

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INTRODUCTION

In recent years, there has been much political debate in Canada on protecting and improving the conditions of workers. Several provincial governments have significantly raised the minimum wage and implemented other sweeping workplace legislation reforms that purport to benefit workers by ensuring they receive more generous wages and benefits, better working conditions, and improved workplace safety.

The federal government has taken similar measures by introducing stricter workplace legislation on federally regulated employers. Meanwhile, concerns about the rise of what is called "precarious employment" and the gig economy have renewed calls for not only more government regulation, but also increased unionization in order to protect workers and ensure they are paid fairly.

Proposals for increased government regulation and unionization raise the question: can workers across the economy be helped by legislative fiat and by increasing the power of labour unions? The answer, quickly obtained from basic economic principles and a brief survey of the conditions of workers around the world, is very clearly no.

If, for example, the minimum wage is what ensures the well-being of the working poor, then the billions of dollars that Canada and other developed countries spend annually on foreign aid are a waste. We should simply tell the poorest countries that they could be as rich as Canadians if they legislated higher wages.[1]

Similarly, would workers in the poorest countries enjoy the comfortable standards of living and comparatively high incomes that the average Canadian has today if only they all organize into labour unions and convince their governments to impose stricter regulations governing overtime hours, paid leave, and so on? Surely not.

The following two sections of this essay explain the reasons why government regulations and unions respectively are not what protect and improve the conditions of workers. Indeed, according to the evidence, the effect of more regulation and unionization is, on net, to make workers worse off – and in fact, those most negatively affected are the most disadvantaged members of the labour force.

If not government and unions, who ensures that workers are protected from exploitation and paid fairly for what their labour is worth? The counterintuitive explanation, but the one supported by the economic evidence, as explained in Section 3 of this essay, is that workers are best protected by businesses, rather than by government or labour unions. A worker is not protected necessarily by his or her own employer, but rather the businesses in competition with his or her employer.

Just as consumers are protected from high prices and poor quality goods and services whenever businesses are forced to compete with each other to offer the lowest prices and the highest quality goods and services (or else watch their customers disappear to competitors), so too are workers protected from being underpaid and mistreated by the fact that other employers are in competition with their current employer to hire and retain competent workers.

Businesses are therefore forced by competition, in the long run, to compensate and treat workers fairly for the output they produce. This “regulation” of wages and benefits that come about in a free market, not those imposed by governments or enforced by labour unions, is what best protects workers and improves their standards of living.

1. GOVERNMENT REGULATIONS

Basic Economics

In determining how best to help workers, a guiding principle is that government policies must be based on a basic economic understanding of prices. The level of wages and benefits – in other words, the price of labour – does more than just determine the distribution of the economic benefits of employment between those paying the price (employers) and those receiving it (employees).

As economist Don Boudreaux observes, employment, like other economic transactions, is not "destined to occur independently of the prices and other terms" of the transaction.[2] An economic error is made in labour policy when wages and benefits are seen merely as tools of distribution and an attempt is made to increase wages and benefits through regulation, at the expense of employers.

The problem with such regulations is that employment does not occur independently of expected business profits. Without the expectation of adequate profits, there would be fewer businesses operating, less capital investment, less demand for labour, fewer productive jobs, and lower wages for workers. Therefore, attempts to help workers by increasing wages at the expense of business profits are ultimately counterproductive.

In reality, workers' incomes and other benefits can only sustainably rise, not as a result of regulation, but with a commensurate increase in the productivity of these workers. In order for businesses to pay a higher price for employment, they must receive a compensating benefit in the form of higher productivity. Otherwise, businesses would lose money and be forced to close, or would make less money, causing at least some business owners to withdraw or re-allocate capital to other ventures.

Distributional Concerns

When employment or any other economic transaction takes place, a safe assumption is that except in cases involving coercion or fraud, both parties expect that they will be made better off as a result. A worker's willingness to take a job, and an employer's willingness to hire him or her, are evidence that both parties are better off as a result of this employment taking place.

This is why, as Hoover Institution scholar Richard Epstein has explained, the standard view of economists is that when there is a voluntary transaction, "you don't care what the distribution of the surplus is; you know as a matter of general tendencies that there will be some way in which way they will be divided so that you can be pretty confident that the whole thing will raise both ships."[3]

Suppose, Epstein continues, that two people get married, and the marriage increases both people's levels of happiness (or at least is expected to, as evidenced by the willingness of both people to get married), but one person experiences a greater increase in happiness than the other. Should the government void the marriage because of the unequal distribution of happiness that it has generated?

If not, then why should government void certain employment relationships, such as those with contracted hourly wages below the minimum mandated by the government, just because the legislators perceive that the employer is reaping too much and the worker is reaping too little of the economic surplus generated from employment?

Similarly to a regulation that prevents a marriage if the government judges the resulting distribution of happiness to be too unequal, the problem with a regulation that prevents an employment contract if the government judges the distribution of the economic surplus to be too unequal is that it substitutes the judgement of the legislator for the judgement of the worker.

But just as somebody can refuse to get married if it makes him or her worse off, the ability of workers to reject employment arrangements that do not benefit them means that legislators should have no say in the matter. If a worker accepts a job at a wage that the government determines to be too low, the government's judgement should be ignored in favour of the worker's judgement that accepting this job (however poor legislators judge it to be) makes the worker better off.[4]

The fact that the worker has agreed to work at this job is evidence that it is better than his or her next-best alternative. This means that labour regulations, such as minimum wage laws, that deprive workers of job opportunities that they would have accepted, only make these workers worse off by condemning them to worse alternatives, such as unemployment.

Minimum Wage Laws

One of the most popular government policies that attempts to control the distribution of economic surplus generated by employment is the minimum wage law. For example, in 2018 the Ontario government sharply raised the province's minimum wage from $11.60 to $14 per hour, while the Alberta government implemented its fourth annual minimum wage increase to take the wage floor from $10.20 to $15 per hour.

There is abundant evidence, however, that minimum wage laws harm the workers they purport to help. The central economic argument against the minimum wage, writes Don Boudreaux, "rests on the central pillar of modern economics: the law of demand. The law of demand says that if the cost of taking an action rises, people will take that action less frequently. Importantly, this law lies not only at the heart of economics; it's a proposition that every one of us accepts as a practical rule of reality."[5]

By hoping that minimum wage laws protect workers by preventing them from being underpaid by employers, advocates of the policy fail to take into account how wages are determined. The price of labour, like all prices in markets, is set not arbitrarily but rather through supply and demand. Mandating a rise in the cost of employment (wages) without raising the benefits to employers (the productive output of workers) ensures a reduction in the number of workers employed.

Far from protecting workers, as economists Milton and Rose Friedman have written, "the minimum wage law requires employers to discriminate against persons with low skills. No one describes it that way, but that is in fact what it is."[6] A minimum wage, for example of $15 per hour, forces employers to discriminate against low-skilled workers by refusing to hire anybody whose hourly productive output is less than $15, unless the employers are willing to lose money.

While some studies have suggested that minimum wage laws do not cause unemployment, the most comprehensive review of minimum wage hikes, by economists David Neumark and William Wascher in 2007, surveyed 102 studies and found that two-thirds indicated negative employment effects while only eight suggested positive effects.[7]

Of the most credible studies, Neumark and Wacher determined that 85 percent found negative employment effects, and "when researchers focus on the least-skilled groups most likely to be adversely affected by minimum wages, the evidence for disemployment effects seems especially strong."[8] Similarly, Fraser Institute researchers, reviewing the Canadian evidence, concluded that academic studies have "consistently shown that raising the minimum wage leads to fewer employment opportunities for low-skilled workers."[9]

Indeed, that minimum wages cause unemployment for the most disadvantaged workers has been a long-known economic fact. For example, the minimum wage law introduced in British Columbia nearly 100 years ago, as Thomas Sowell has noted, had "the intent and effect of pricing Japanese immigrants out of jobs in the lumbering industry."[10] While the intentions of minimum wage laws may since have improved, the effects have not. The clearest evidence of this over the decades has been the increase in unemployment among young racial minorities in the United States as a result of minimum wage laws.

Through the early 1950's, the unemployment rate in the United States was around 8 to 11 percent

for both black and white male teenagers. But within two years of a minimum wage hike in 1956, unemployment increased to 14 percent for white male teenagers and more than doubled to 24 percent for black male teenagers.[11] This disparity has only become worse through the decades; from 1972 to 2016 the average unemployment rate was 16.8 percent for white male teens and 36.6 percent for black male teens.[12]

As prominent economist Martin Feldstein wrote, raising the minimum wage "undoubtedly" has the effect of reducing employment and total working hours. The decline in employment as a result of minimum wage hikes, according to Feldstein, "would be concentrated among the least skilled and least educated. Minority youth would be the most seriously affected group in the population."[13]

Robert Barro similarly noted that the minimum wage "prohibits people from working if their productivity falls short of the stated level. The overall consequences for economic efficiency are adverse and show up especially as reduced levels of employment for low productivity workers… the increased joblessness tends to be concentrated among the least advantaged persons, notably minority teenagers."[14]

Former chief executive of the Federal Reserve Bank of St. Louis, William Poole, concurred. Even of the economists who support raising the minimum wage, almost all agree that the policy would reduce employment. "I do not understand this callous position," wrote Poole. "Those who will lose their jobs are the weakest and most vulnerable members" of the labour force.[15]

The fact that the minimum wage harms the weakest and most vulnerable members of the labour force was clearly illustrated in Ontario when the provincial government, while raising the minimum wage to $14, terminated the exemption of minimum wage laws for organizations that provided jobs to intellectually or physically disabled workers. Supposedly to "protect" disadvantaged workers, the Ontario government subjected these employment contracts to the provincial minimum wage laws.

The result, as *The Globe and Mail* reported, was that most of these organizations "have opted to stop hiring people with cognitive disabilities."[16] Not only was hiring stopped, but community centres and non-profit organizations were forced to let go of some of their existing disabled workers. The parents of these disabled workers even organized a protest demanding exemptions from the minimum wage law, since no employers could afford to pay their disabled adult children the legislated minimum wage.[17]

While minimum wage laws may benefit some workers by raising their wages, they violate the basic economic principles of employment regulation. Minimum wage laws, by making employment more expensive to employers without making workers more productive, reduce employment and cannot in the long run produce income gains broadly across the economy. Moreover, the gains to some workers are at the expense of the most disadvantaged members of the labour market, including minority and disabled workers.

Mandatory Paid Leave and Other Workplace Benefits

Regulations that mandate employers provide workers with a minimum level of benefits, such as paid days off, function similarly to a minimum wage law. By raising the costs but not the benefits to employers, such regulations ensure that less employment will take place, and often even make worse off those workers who do remain employed by distorting the compensation mix.

Empirical research has found that minimum wages can make many workers worse off, even if they maintain their jobs, because it causes employers to reduce non-wage compensation such as training, which workers may prefer to higher wages.[18] By the same logic, mandating a minimum level of benefits causes at least some employers to offset the cost by reducing wage compensation that workers may prefer to these benefits.

Don Boudreaux provides the following example: suppose a worker's pay reflects the value of her productive output. Mandating that employers provide a certain benefit to employees, like more paid leave, would push the cost to the employer to above what the worker is worth. As Boudreaux notes, then the "only way the worker will keep her job is if there is an offsetting decrease in the value of some other component of her pay package, such as her hourly money wage."[19]

"In effect, this mandate obliges this worker, as a condition of keeping her job, to purchase a particular product sold by her employer – namely, paid leave," writes Boudreaux. "Before you conclude that this worker is thereby made better off, recognize that this mandate is no different than one that, instead of mandating paid leave, mandates that workers annually buy from their employers, say, a minimum of three pairs of shoes or weekly house-cleaning services."[20]

Paid days off, like shoes, are of value to workers. But forcing workers to purchase such things from employers makes workers worse off. If workers already wanted to purchase paid days off, or some other benefit from their employer, they are already free to do so in the absence of government regulations. Thus the only effect of government regulations is to take the choice away from workers by making the purchase mandatory, thus making workers worse off.[21]

Put another way, a government regulation that stipulates that employers must provide workers with A, B, and C in terms of wages, benefits, or working conditions, deprives workers of the freedom to offer to forgo A, B, and C in exchange for D, E, and F, which the worker may prefer. A regulation which mandates that a worker must have certain healthcare benefits, for example, strips workers of the ability to offer to forgo healthcare benefits in exchange for a higher hourly wage.

Indeed, the standard approach in labour economics, noted in a June 2019 report by the Council of Economic Advisers, assumes that "the composition of employee compensation maximizes the joint surplus of employer and employee."[22] The corollary is that attempts of government regulation to legislate the composition mix, such as by mandating employers to provide workers with a minimum level of wages or certain benefits, reduce the economic surplus available to workers.[23]

2. LABOUR UNIONS

Supply and Demand

Understanding the economic effect of labour unions requires taking into account how wages, benefits, and working conditions are determined. Wages, which are the price of labour, are determined the same way as other prices are determined – by supply and demand. As with the prices of everything else, there are two ways the price of labour can rise: by increasing demand or by reducing supply.

The demand for labour rises if workers become more productive, but unions generally accomplish just the opposite. By negotiating wages and benefits based on seniority instead of productive output, unions discourage workers from increasing their productivity.[24] The long run impact can be significant, since unionization disincentivizes investments in human capital by making skill and education less relevant in determining workers' earnings.[25]

Because unions make workers less productive instead of more productive, unions can only inflate the price of labour by creating an artificial scarcity of it, by restricting the supply of labour from non-union workers.[26] As Milton and Rose Friedman have written, the basic source of union power is "the ability to keep down the number of jobs available… generally with assistance from government."[27]

Preventing Competition

One of the best examples of unions, with the help of government, restricting the supply of labour is unions' support for minimum wage laws. The effect, though not the stated intention of minimum wage laws, is to protect unionized workers from competition by prohibiting lower-skilled, non-union workers from competing for jobs by offering to work for lower wages than the government-enforced minimum.

Occupational licensing is another way that unions enlist governments to prevent non-union workers from supplying labour. For example, several years ago, a national coordinator of Unifor, Canada's largest private sector union, said that it would be reasonable to ask for "a complete ban" on services like Uber and Lyft that allow workers to earn income by driving passengers between destinations out of the confines of the government-enforced taxi cartel.[28]

In 2015, Unifor Local 1688 in Ottawa called for local police to crackdown on Uber and other "unlicensed" ridesharing drivers.[29] In the same year, Unifor went to court seeking an injunction to stop Uber from operating.[30] Then in 2017, Unifor sued the City of Ottawa for continuing to allow Uber to operate and compete with the taxi drivers represented by the union.[31]

This is not just in Ottawa, of course – Unifor has been organizing protests and calling on the federal government to ban Uber. They are campaigning, in other words, to destroy the jobs of "unlicensed" drivers across Canada.[32] Clearly, Unifor isn't actually interested in helping workers, it is interested in helping only union workers, to the detriment of less privileged members of the labour market.

In another transparent attack on non-union workers, in 2018 Unifor published a video to name and shame seven temporary workers at an aerospace factory in Newfoundland for going to work while the unionized workers were locked out.[33] The union president called the temporary workers "a force of destruction" and insisted that these seven workers should be publicly named and shamed.[34] As with its campaign to destroy the jobs of Uber drivers, Unifor clearly demonstrated in this case that it is more interested in protecting union privilege than actually helping workers.

Another tactic employed by unions is lobbying for policies that restrict bids for government contracts to unionized contractors. Like minimum wages, occupational licensing, and attacks on temporary workers, restricted bidding prevents less privileged non-union workers from competing for jobs. This practice is common across Canada. For example, the British Columbia government recently announced that provincial construction projects must be built

with unionized labour.[35] Similarly, in Toronto, bidding on major city construction projects is limited only to nine unions.[36]

The result of restricted bidding, in all cases, is to deny employment opportunities to non-union workers. Taxpayers also pay the price as they must foot the bill for inflated labour costs – up to $6.4 billion in the case of British Columbia's restricted bidding policy.[37] Similarly in Toronto, taxpayers would save approximately $90 million annually by opening up the bidding process, according to a former city councillor.[38]

The various ways unions try to prevent non-union workers from supplying labour – whether through minimum wage laws, occupational licensing, or lobbying for other government policies that prevent non-union workers from competing for jobs – are unsurprising. Because unions do not increase the demand for labour (since they do not make workers more productive), they can only raise the price of labour by restricting its supply.

Effects on Unionized Workers

While unions do help unionized workers by boosting their wages and improving working conditions (at the expense of less privileged workers), the empirical evidence does not suggest that even the benefits enjoyed by unionized workers make them better off in the long run. This is because high levels of unionization and government policies that give too much power to unions tend to discourage business investment, making workers less productive and reducing wages in the long run.

For instance, business investment is significantly reduced when government bans replacement workers to try to protect union jobs. One study examined the impact of such bans in Canada from 1967 to 1999 and concluded that the bans decreased the rate of net investment by 25 percent.[39] Other studies have found that by reducing investment, such bans have reduced wages in the long run.

For instance, a C.D. Howe Institute study examining wage outcomes in Canada from 1978 to 2008 found that temporary replacement worker bans reduced average hourly wage outcomes in collective bargaining by 3.6 percent.[40] Another study of the same time period found that the effect was to reduce average annual wages by 1.8 percent.[41] The empirical evidence therefore suggests that making unions more powerful may not help even unionized workers in the long run.

There is also some evidence that legislation that makes unions less powerful can have a positive impact on unionized workers. One study found that after states adopted right-to-work laws (which deny unions the ability to force workers in a workplace to become paid members of the union, and so reduce unionization rates), the result was that workers reported higher levels of life satisfaction and economic optimism. This increase in well-being and economic optimism resulting from right-to-work, according to the study, was concentrated among union workers.[42]

Government Unions

Given the negative effects of unionization in the private economy, it is unsurprising that the unionization rate has declined in the private sector. From 1999 to 2014, the unionization rate in the private sector in Canada fell from 18.1 percent to 15.2 percent; in the public sector, however, it rose from 70.4 percent to 71.3 percent.[43] Indeed, despite the failure of governments and unions to protect workers across the economy, they have combined to protect one class of workers very well – the unionized government employees.

A survey by Mark Milke, author and former VP of Research at Frontier Centre for Public Policy, found that at least eight studies from 1979 to 2013 concluded that public sector employees are paid more than comparable private sector employees, due in large part to the prevalence of unions in the public sector.[44] These inflated wages enjoyed by public sector employees come at the expense of private sector workers.

More recently, a Fraser Institute study found that in 2015, Canada's public sector employees were paid 10.6 percent more, on average, than private sector workers after controlling for age, education,

experience, and other relevant factors. Of this wage premium, about one-third was accounted for by unionization status.[45]

On top of this wage premium, the Fraser Institute study noted that 84.0 percent of public sector workers but only 10.7 percent of private sector workers had a defined benefit pension plan. On average, public sector workers retired 2.3 years earlier, were absent from work 4.9 days more per year, and enjoyed far better job security.[46]

Another study by economist Ted Mallett estimated that, based on 2011 National Household Survey data, federal employees in Canada were paid 13.0 percent more in wages and salaries than comparable private sector employees, while provincial employees and municipal employees enjoyed a 5.5 percent and 8.9 percent wage premium, prospectively.[47]

After factoring in benefits such as pensions, the wage premium was estimated to be 33.2 percent for federal employees, 21.2 percent for provincial employees, and 22.3 percent for municipal employees. The total cost to the taxpayer of paying inflated wages for government employees, concluded Mallett, was approximately $20 billion in 2010.[48]

The consequence of overpaying government workers, which is due in large part to high levels of unionization in the public sector, is a redistribution of billions of dollars annually from taxpayers to government workers. The higher tax rates needed to fund this redistribution, by discouraging economic activity while producing no commensurate increase in goods and services provided by the government, cause a net economic loss for workers.

Summing Up the Problem with Unions

At bottom, the problem with relying on unions to help workers is that they can only help some workers by making other, less privileged workers worse off. This is because the purpose of labour unions is to increase the compensation of unionized workers, but unions make those workers less productive by tying compensation and job security to seniority instead of productivity. In other words, unions grab a larger share of total income for its members, even while reducing total income by reducing productivity.[49]

Mathematically, then, benefits that accrue to unionized workers are offset by a larger economic loss to everybody else – usually workers who are less privileged. In the private sector, unions are able to raise wages for unionized workers by lobbying government to restrict the supply of labour. In the public sector, powerful unions cause a significant redistribution of income from taxpayers to public employees. In both cases, unionization may benefit some workers in the short run, but produces a net economic loss in the long run.

3. PROTECTED BY BUSINESSES

"The most reliable and effective protection for most workers," according to economists Milton and Rose Friedman, "is provided by the existence of many employers… The employers who protect a worker are those who would like to hire him. Their demand for his services make it in the self-interest of his own employer to pay him the full value of his work. If his own employer doesn't, someone else may be ready to do so. Competition for his services – that is the worker's real protection."[50]

Business competition protects employees similarly to how it protects consumers. Just as coffee drinkers can walk across the street from Tim Horton's to McDonald's (or vice-versa) if they are dissatisfied with the quality and price of the coffee they are buying, so too can Tim Horton's employees choose to work instead for McDonald's if they are not treated fairly or not paid enough for the value of their work. McDonald's employees are protected by Tim Horton's, and Tim Horton's employees are protected by McDonald's.

The key to protect workers is therefore to remove government interventions that make industries less competitive or that discourage business activity, in order to maximize for workers the number of employers competing for their labour and bidding up wages. This underscores why government regulations and unionization, which reduce the number of jobs available, reduce the amount of protection available to workers.

As Christina Romer, formerly chair of the Council of Economic Advisers in the Obama administration, has written, many people "assume that government protection is the only thing ensuring decent wages for most American workers. But basic economics shows that competition between employers for workers can be very effective at preventing businesses from misbehaving... Robust competition is a powerful force helping to ensure that workers are paid what they contribute to their employers' bottom lines."[51]

The regulation of the marketplace is far more effective than a minimum wage law in protecting workers from being exploited and underpaid. If a business attempts, for example, to exploit a low-skilled worker by paying him only $8 hourly even though his labour is worth $12 hourly, then a competing business would find it profitable to lure him away from his current employer by paying a wage higher than $8 hourly.

Suppose the second employer offers the worker $10 hourly. Then a third business would find it profitable to pay $11 hourly for his services. Another business might offer $11.50, and so on, until the worker is paid fairly for his productive output. Importantly, such a worker does not necessarily need to switch jobs in order to be paid fairly for what he is worth – the competition in the free market gives his current employer the incentive to pay workers fairly in the first place in order to attract and retain workers.

Meanwhile, if the government attempts to protect such a worker by imposing a minimum wage, of $14 for example, the result would be to cause this worker to be unemployed unless he is able to find an employer to lose money by paying him more than his labour is worth.[52] The same logic can easily be extended to show that government regulations that mandate certain benefits similarly do not effectively protect workers.

CONCLUSION

The question of how to best protect workers is answered, at bottom, by basic economic principles. Employment, like other voluntary economic exchanges, must be understood to be mutually beneficial and not zero-sum. An economic error is made when an attempt is made to produce a net gain for workers, whether through government regulation or unionization, at the expense of business profits.

It is the expectation of profits that causes businesses to hire workers and invest in capital that makes workers more productive. Without profits, there would be less demand for labour, less investment, fewer productive jobs, and much lower wages. For workers' incomes to sustainably rise, employers must receive a compensating benefit for the increased wages they pay.

This means that government regulations and unionization, which do nothing to make workers more productive, cannot effectively help workers. They may make some workers better off in the short run, but such gains are unsustainable and inevitably cause a net economic loss by reducing economic production. Those who suffer most as a result are often the most disadvantaged workers.

The empirical record of minimum wage laws, which are one of the most common government policies that purports to protect workers, is that it reduces employment, particularly among the least advantaged workers, such as minority teenagers and the disabled. Regulations mandating minimum levels of certain benefits function similarly to a minimum wage law – they reduce the economic surplus of employment by distorting the compensation mix and in so doing, reduce total employment as well.

Unionization also has negative economic effects, since it reduces productivity rather than increasing it. The result is that any gains that some workers enjoy as a result of unionization come at the expense of other, less fortunate workers. This is most clearly seen in attempts by unions to use government power to impede non-union workers from competing for jobs. Union campaigns to ban people from driving for Uber and Lyft, or to ban temporary replacement workers, are only two examples.

Thus, the two common answers as to who protects the workers – government and unions – both miss the mark. Government regulations and unionization may protect some workers in the short run, but in the long run make workers worse off. The counterintuitive answer, but the one supported by the evidence, is that workers are best protected by businesses. The ability of a worker to go to a competing business if his current employer does not treat him fairly or pay him enough for the value of his work is what offers him the most effective protection.

As Milton and Rose Friedman conclude, an increase in wages and improvements in working conditions for workers across the economy can only come "from higher productivity, greater capital investment," and an increase in workers' skills.[53] The whole economic pie becomes bigger, making everybody better off, and is the reason workers in Canada enjoy the high standards of living and working conditions they do today.

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