

Name: _____

Date: _____

CHAPTER 9, SECTION 2

Labor and Government Regulation

One of the objectives of a labor union may be to obtain higher wages for its members. Wages are largely determined by supply and demand in the labor market.

Write your answers to questions 1 and 2 in the blanks provided.

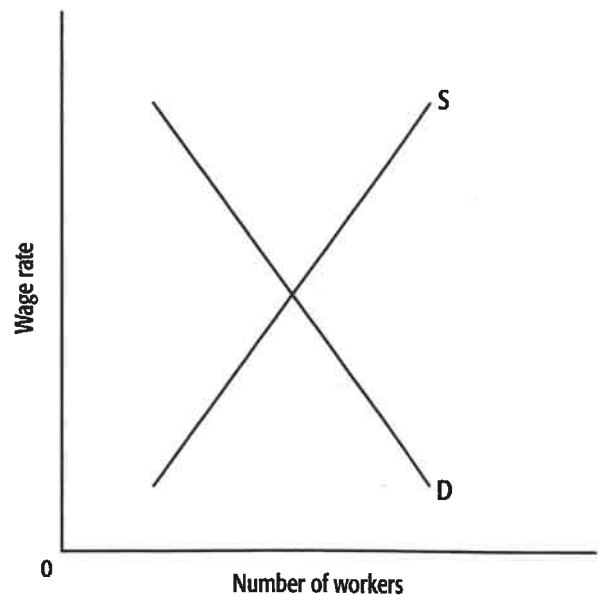
1. How do unions try to influence the demand for labor to achieve higher wages?

2. How do unions try to influence the supply of labor to achieve higher wages?

Each of the graphs in questions 3 and 4 shows the supply of and demand for union workers in a particular labor market. Label the axes and the demand and supply curves on the graph. Then the event described occurs. Illustrate the shift in the supply curve or the demand curve as a result of the event. Then fill in the blanks in the statements below the graph with the correct answers. (Note: The level of employment refers to the number of union workers employed.)

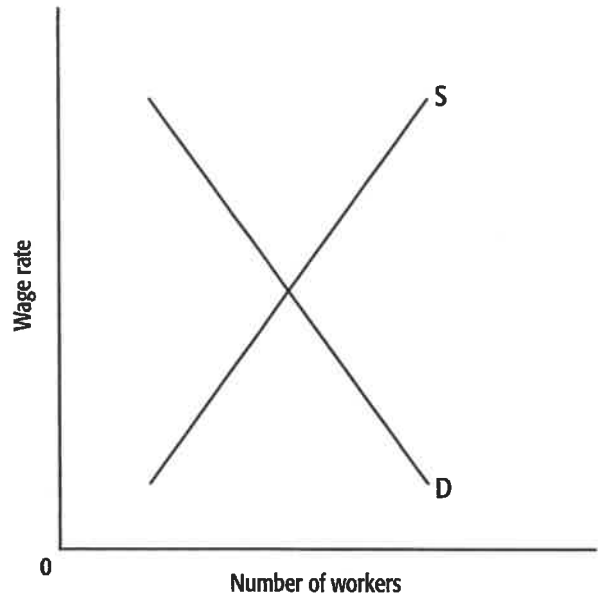
3. *Event:* The union increases demand for the good produced.

The _____ curve shifts to the _____, the wage for union workers _____, and the level of employment _____.



4. *Event:* The union decreases the supply of union workers.

The _____ curve shifts to the _____, the wage for union workers _____, and the level of employment _____.



Write your answers to questions 5–13 in the blanks provided.

5. What is a closed shop?

6. What is a union shop?

7. Which is more restrictive, a union shop or a closed shop?

8. What law made closed shops illegal?

9. What is a right-to-work law?

10. Summarize the two major views of labor unions concerning their effects on production and efficiency.

11. Do you think labor unions are a beneficial aspect of the economy? Why or why not?

12. The Latin phrase *caveat emptor* means "let the buyer beware." In practical terms, the phrase means that consumers are ultimately responsible for their buying decisions. Lately, government has tried to reduce the burden on consumers by regulating firms on behalf of consumers. Some people argue that the costs of regulation are too high. Other people say that consumers need the protection provided by regulation. List and discuss the costs and benefits of government regulation.

13. Do you think there should be more or less government regulation? Give reasons for your answer.
