

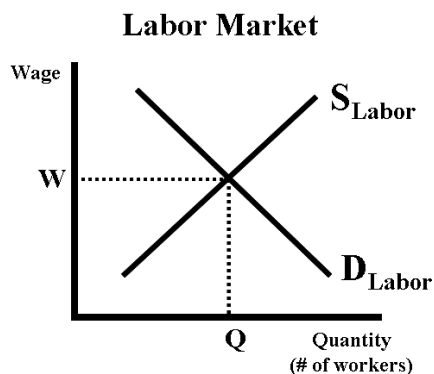
MAKE-UP ASSIGNMENT: FOR CREDIT COPY ONTO YOUR OWN PAPER

Save a tree... return this to the handouts file when you are finished with it

Factors Market

Notes

Factor's Market – where factors of production (CELL) are sold. (Labor = most common example used)



Supply of labor = # of people who want the job

Demand of labor = # of workers the company wants to hire

Wages are determined by supply and demand of labor

Just like prices, they are set based on people's willingness to buy/sell

3 Ways to interfere with Factors Market

1. Gov't interference – minimum wages

- they cause unemployment

- an \uparrow WAGES is an \uparrow COSTS which causes \downarrow SUPPLY so they don't need or can't afford as many workers.

2. Gov't interference – foreign policy

- Protectionism = raising tariffs (taxes) on products from other countries

- it makes U.S products cheaper than imports = \uparrow D

- the opposite is called. Free Trade = no tariffs or rules

3. Union Interference

Collective Bargaining – union officials negotiate with employer

Strike – refusing to work

Picket – parade carrying signs

Boycott – mass refusal to buy products

Unemployment

Definition – people available (want) to work & looked for work, but didn't find work or worked less than 1hr for pay

Types of Unemployment

1. Cyclical – due to swings in business cycle

2. Frictional - people in-between jobs (like changing jobs/waiting for new one to start)

3. Seasonal - caused by annual changes in conditions like weather or holidays

4. Structural - caused by change in economy that reduces demand for some workers – often from innovation in technology. (like horses to cars)

DO NOT PUT THIS PAGE IN YOUR PACKET, YOU MUST COPY THESE NOTES ONTO YOUR OWN PAPER FOR CREDIT