# Unit 6: Labor the Sequel - A Sticky Situation

Content Area: **Social Studies**
Course(s): **AP Micro Economics**
Time Period: **February**
Length: **4 weeks**
Status: **Published**

## Transfer

## Enduring Understandings

Labor unions are a positive and negative force in the economy. They protect the rights of laborers, but cause wages to increase which makes workers less desirable for firms.

We use the Lorenz Curve to explain the discrepancy between rich and poor worker in a country. A Lorenz Curve with a small Gini coefficient means that there is a small gap between rich and poor. We can use this to evaluate United States workers vs. other country's workers.

The government also regulates the labor market through minimum wage and restrictions on hours for workers. These laws protect the workers, but lead firms to go outside the United States and look for more inexpensive workers.

Poverty is inevitable in all societies. The government uses its resources to help redistribute wealth through programs that help the poor.

Health care is a factor for workers in choosing employment, but the costs make it prohibitive for some industries to employee American workers. Health Care does make the work force more efficient by keeping workers at work.

## Essential Questions

Why were labor unions necessary to form in a free market society and how have they changed the way these markets behave?

What does understanding the disparity between the rich and the poor tell us about the economic health of a country?

How does setting a price floor for labor (minimum wage) impact the labor market for both workers and firms?

How does health care cost impact labor markets and what can be done to help alleviate the higher costs for both consumers and firms?

How do United States policies on labor impact a company's decision to outsource their labor?

What can the United States firms and government do to help reduce the Gini coefficient on the Lorenz Curve to create more parity between the rich and the poor?

## Skills

Graph and analyze supply and demand curves of labor and determine what impacts these curves.

Analyze how firms react to different types of labor and that impacts both wages and supply of labor.

Evaluate current economic climate through Economic Literacy Projects (ELP) where students choose a current event article and write up an analysis of it using economic standards.

Assess the ways that firms can impact and change the market for labor.

Assess the ways laborers can impact and change the market for labor.

Vocab: Labor Unions, Craft Unions, Collective Bargaining, Closed Shop, Sympathy Strike, Strike Breakers, Monopsonist, Bilateral Monopoly

## Standards

6.5.8 A. 7. Discuss how innovation, entrepreneurship, competition, customer satisfaction, and continuous improvement in productivity are responsible for the rise in the standard of living in the United States and other countries with market economies.

6.5.8 B. 3. Discuss how societies have been affected by industrialization and by different political and economic philosophies.

6.5.8 B.4. Describe how inventions and innovations have improved standards of living over the course of history.

6.5.8 B. 5. Compare and contrast various careers, examining educational requirements and costs, salary and benefits, longevity, impact on society and the economy, and demand.

6.5.8 B.7. Discuss the need for ethical behavior in economic decisions and financial transactions.

6.5.12 A. 2. Describe the purposes of social security and Medicare.

6.5.12 A. 7. Analyze the impact of supply and demand on market adjustments and prices (e.g., real estate and interest rates).

6.5.12 B. 3. Analyze labor and environmental issues affecting American citizens raised by economic globalization and free trade pacts.

6.5.12 B. 6. Analyze the connections and potential effects of the widening gap between the rich and the poor in the United States, the decline in labor union membership since 1950, rapidly advancing technology, globalization, and problems of public schools.