

Unit 5 Review

Final Review

Gross Domestic Product

- * **GDP**

- * **Dollar amount of all products and services produced in the US in a year**

- * **It's a measure of how productive our country is**

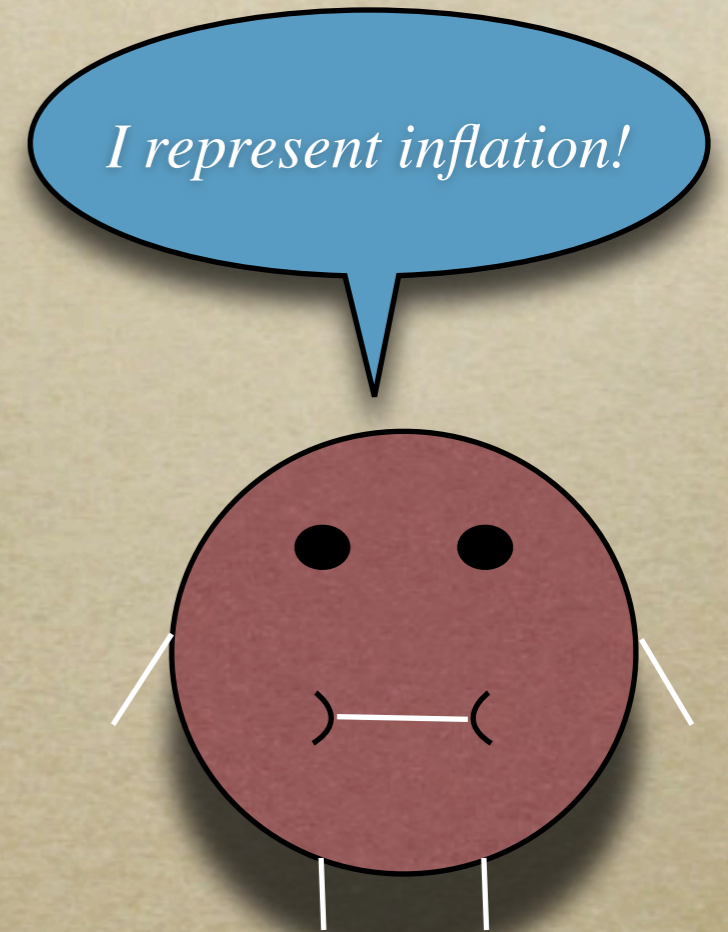
How is GDP Calculated?

- * $C + I + G + (X - M)$
- * How will you remember this?
 - * CAN I GET X-MEN?



INFLATION

- *Inflation is a gradual rising of prices*
 - *Your money buys less*
- *Economists calculate inflation by using a price level*
 - *CPI, PPI, GDP deflator*



You need to know this!

$$\text{Inflation} = \frac{\text{change in price level} \times 100}{\text{beginning price level}}$$

CPI: Consumer Price Index

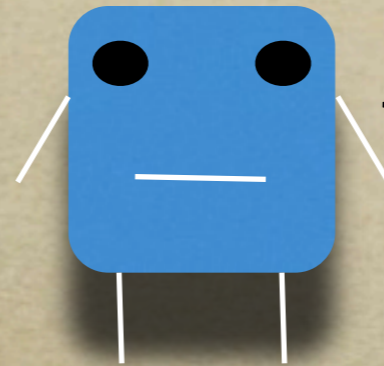
- *The Bureau of Labor Statistics establishes the CPI using a sample of 400 commonly purchased consumer goods*
- *These goods are known as the market basket*

Degrees of Inflation

- *There are different types of inflation*

- *Creeping inflation*

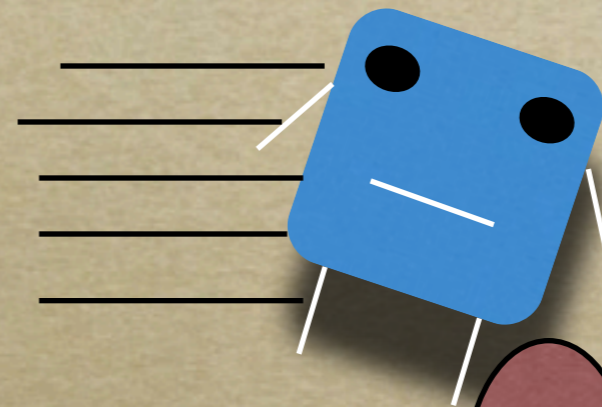
- *1-3% a year*



Hey, I've been watching you...

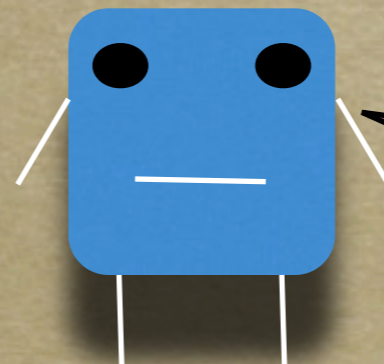
- *Galloping Inflation*

- *100-300% a year*



- *Hyper Inflation*

- *500% or more*



Can I?

Pleasepleasepleaseplease

Can I have more ice cream?

Causes of Inflation

- *1. Demand pull theory*
- *2. Federal Government spends more than it earns*
- *3. Rising costs of inputs cause goods to cost more*
- *4. Too much money*

What are labor unions?

- ◆ **Organizations that serve the interests of workers:**
- ◆ **Union Activities:**
 - ◆ **Strikes, pickets, boycotts**

Kinds of Union Arrangements

◆ Closed Shops

◆ Employers only hire union members

◆ Union Shops

◆ Workers must join the union soon after being hired

Kinds of Union Arrangements

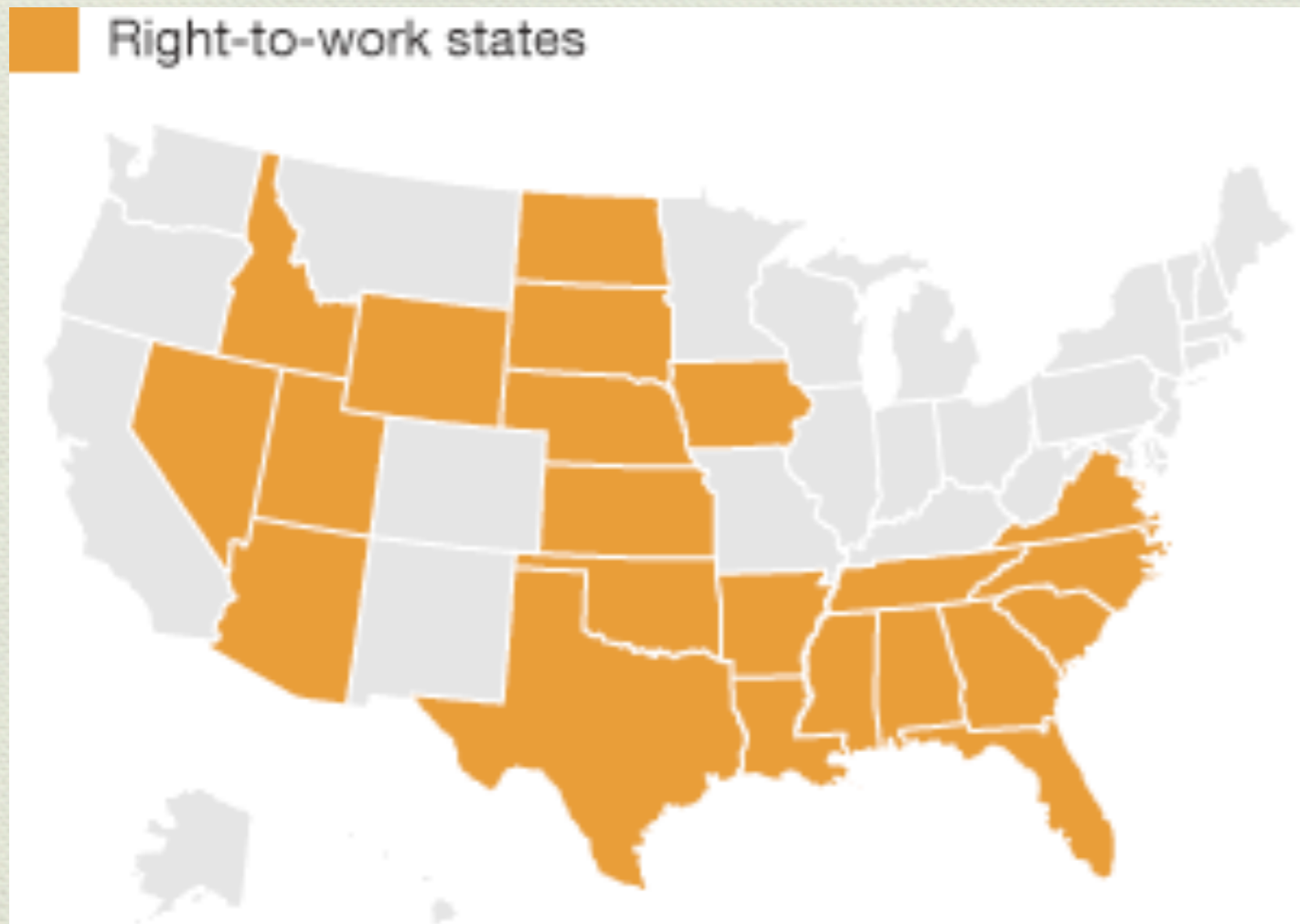
◆ Modified Union Shops

- ◆ Workers can voluntarily join the union but must be members as long as they hold the job

◆ Agency Shops

- ◆ Worker doesn't have to join the union to get or keep a job
- ◆ Must pay union dues to help pay for collective bargaining

Right-to-Work



- ◆ Some states have passed right-to-work laws to prohibit mandatory union membership

Collective Bargaining

◆ Collective Bargaining: representatives from both management and labor meet to reach agreement

◆ If management and labor cannot reach an agreement in negotiations:

*Mediation

*Fact-Finding

*Arbitration

*Injunction and Seizure

*Presidential Intervention