Historical example of labor supply and demand

Business, Management

Historical Example of Labor Supply and Demand Affiliation: The Great Depression was a widespread economic problem that affected the world economy in one way or another. Countries plunged into economic crises, having been directly or indirectly affected by the depression. Since its start in the United States around 1929, the Great Depression spread across the globe until the period between late 1930s and early 1940s (Cravens, 2009). The impacts of the Great Depression varied from one region to another, but the common denominator is that the overall results were devastating. Economies around the world suffered stock market failures, an aspect that negatively affected the labor market among other sectors of the world economy. Following this depression, demand for labor in the United States declined, and employers retrenched workers in order to remain operational. As a result, employment in the United States hit 25% while other countries around the world recorded unemployment of up to 33% (Cravens, 2009). Moreover, the persistent decline in labor demand led to an increased level of labor supply, with few employment opportunities available in the labor market.

The labor market trends experienced during the Great Depression were explained by the economic performance of the United States and that of the world in general. Stock market failures around the world meant that consumption and investment were adversely affected. Business operations deteriorated and the need to hire labor declined significantly. On the same note, the profit motive exhibited by firms had to have a negative effect on labor demand and supply in the light of the depression.

Reference

Cravens, P. H. (2009). Great Depression: People and Perspectives. New York: ABC-CLIO.