

# [United states assignment](https://assignbuster.com/united-states-assignment/)

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In this assignment, we will explore how each of these inputs, in relation to supply, managed to cripple two of the United States Big Three automobile firms: Chrysler and General Motors. Labor Referring to the economic circular flow, households and firms are interdependent. Households not only create demand for a product or service, but they also supply the labor for a firm’s production. In turn, firms supply the product and wages back into households. In order to compete in a capitalist economy, cert.’s periods, automotive companies must strive to keep their prices lower than competitors.

Major production costs, such as labor, should be kept at a minimum achieve their goal of maximizing profit. However, worker benefits forced by unions, such as the AWAY, make it difficult for the Big Three to remain competitive. Foreign based automakers have the advantage of paying lower wages, while some have replaced workers 1 Big Three – Chrysler, Ford, and General Motors are commonly referred to as the Big Three. AAU – United Automobile Workers; A union representing workers in the auto industry as well as aircraft manufacture and other industries in the United States. Impolitely with machines. If the JAW were to succeed in achieving higher worker compensation, production costs would rise concurrently with product costs, making it even more difficult for U. S. Based automakers to compete. Alternatively, reductions in wages and Jobs would lead to households acquiring higher debts when making large, or even small, purchases. This directly correlates to the 2008 – 2009 financial crises in the United States where households were consumed with financial disparity (Phelps, 2010). Financial Crisis and North American Recession

As households struggled with lower wages and debts in 2 , access to consumer credit and auto commercial credit was destitute. Automobile sales plunged 40 percent in 2009, as consumer’s growing financial disparity significantly decreased the demand for gas-guzzling automobiles