9.4 A Changing Economy

Name: _____ Class: _____ Date: _____ **Total: 17 marks**

KEY WORDS changing economy

Objective

Build the skills to explain the **changing economy** .

You must be able to:

- state what digital communications enabled
- name the three technological innovations and their effects
- state what happened to employment and union membership
- state the CED's claim about real wages

1 Key knowledge and worked examples

Study these first. Each one shows the method for a task used later.

Digital communications

Economic productivity increased as improvements in digital communications enabled increased American participation in worldwide economic opportunities.

Three innovations

Technological innovations in computing, digital mobile technology, and the internet transformed daily life, increased access to information, and led to new social behaviors and networks.

Employment

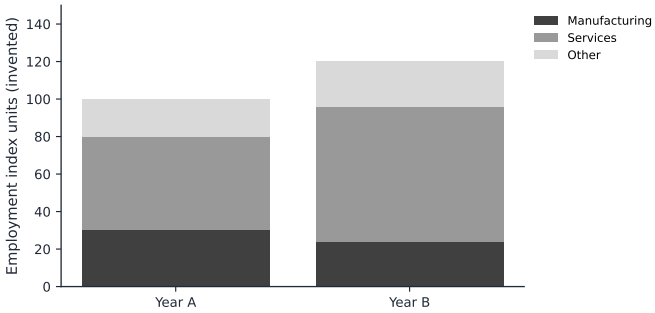
Employment increased in service sectors and decreased in manufacturing, and union membership declined. A shift between sectors, with a consequence for organised labour.

Real wages

Real wages stagnated for the working and middle class amid growing economic inequality. Productivity rose and wages did not, which is the period's central economic fact.

■ Worked application: Distinguish sector shares from total employment

An invented practice table has total employment 100 index units in year A and 120 in year B. Manufacturing employment falls from 30 to 24 while service employment rises from 50 to 72. Manufacturing therefore falls both in count and share: 30/100 = 30% to 24/120 = 20%. Service employment rises, but these two sectors do not account for every worker. Such a table can support an argument about changing employment composition. It cannot alone establish that a single technology caused the change, or that every worker's real wage fell. Those claims need additional evidence. The numbers are for source-analysis practice, not reported US historical statistics.



2 Practice

2.1 State what improvements in digital communications enabled. [2]

2.2 State what happened to employment and union membership. [3]

2.3 Productivity and wages diverged.

(a) State the CED's claim about real wages. [2]

(b) Name the three technological innovations. [1]

3 Exam-style questions

3.1 Real wages for the working and middle class [1]

- ☐ **A** stagnated
- **B** doubled
- **C** were abolished
- **D** rose with productivity

3.2 Employment increased in service sectors and decreased in [1]

- ☐ **A** manufacturing
- **B** agriculture only
- **C** government
- **D** education

3.3 Productivity rises and real wages do not.

(a) State what this implies about the gains. [1]

(b) Explain the connection to declining union membership. [2]

3.4 An invented practice table gives total employment 200 then 250, and manufacturing employment 60 then 50. Calculate both manufacturing shares and explain one claim the table supports and one causal claim it cannot establish. [4]