

Exercise walk-through

A Changing Economy ■ 9.4

eXercise

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

Method — Digital communications

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

Method — 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.

Method — Employment

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

Method — 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.

Practice 2.1 ■ 2 marks

State what improvements in digital communications enabled.

Solution 2.1

Method: Digital communications

Worked steps

increased American participation in worldwide economic opportunities **B1**, which raised economic productivity **B1**.

Practice 2.2 ■ 3 marks

State what happened to employment and union membership.

Solution 2.2

Method: Employment

Worked steps

employment increased in service sectors **B1**; it decreased in manufacturing **B1**;
union membership declined **B1**.

Practice 2.3 ■ 2 marks

Productivity and wages diverged.

- (a) State the CED's claim about real wages.
- (b) Name the three technological innovations.

Solution 2.3

Worked steps

(a) real wages stagnated for the working and middle class **B1** amid growing economic inequality **B1**. (b) computing, digital mobile technology and the internet **B1**.

Exam-style 3.1 ■ 1 mark

Real wages for the working and middle class

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

Solution 3.1

Method: Real wages

A stagnated



B doubled

C were abolished

D rose with productivity

Worked steps

A. stagnated.

Exam-style 3.2 ■ 1 mark

Employment increased in service sectors and decreased in

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

Solution 3.2

Method: Employment

A manufacturing



B agriculture only

C government

D education

Worked steps

A. manufacturing.

Exam-style 3.3 ■ 1 mark

Productivity rises and real wages do not.

- (a) State what this implies about the gains.
- (b) Explain the connection to declining union membership.

Solution 3.3

Method: Real wages

Worked steps

(a) that they went elsewhere than to those wages **B1**. (b) unions were concentrated in manufacturing, which shrank **B1**, so the bargaining power that had converted productivity into wages declined with them **B1**.