

9.4 A Changing Economy

Name: _____ Class: _____ Date: _____

Total: 13 marks

KEY WORDS changing economy 经济变化

Objective

Build the skills to explain the **changing economy** 经济变化.

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 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.

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]

Solutions

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

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

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

3.1 A. stagnated.

3.2 A. manufacturing.

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