v do Changes in the U.S. Economy Impact Leve
mployment?

NS TO GUIDE INQUIRY

re the characteristics of a market ny?

oes a market economy work?

oes specialization and division of ease productivity?

o changes in the U.S. economy vels of employment?

oes global competition affect the l economy?

LACES, PEOPLE

nt - having a job

ment - being without a job

Change is a fact of life. You change your clothes every
You change the channel when you don't like what you'
watching. Your tastes change. Over time you may hav
seen your school change. Do your parents have a sma
phone? It might surprise you to know that in 2007 very
people had these. Now they're in the hands of many m
and high school students!

Change can be exciting and challenging. If you've eve
stayed home sick from school before you might apprec
the ability to use the internet and your phone to get so
medical services. No one likes leaving the house when
don't feel well! Today, some people have access to do
online and over the phone. A doctor is able to listen to
describe your symptoms, run some simple tests (or refe
out for more) and give you a diagnosis right there witho

ving to leave your living room. A long
o a doctor may have made house calls.
rgely went by the wayside. This is a new,
g opportunity for the medical field.

e is all around us. It shouldn't be
ng that economies change as well.

es in the economy can be just as exciting
allenging as changes in our daily lives.
es in technology, demand for natural
es, and competition can lead to changes
conomy which can lead to employment
employment. If people are employed, it
they have a job. If they are unemployed,
s they do NOT have a job. To illustrate
nt we're going to take a look at certain
s in the economy and how it has affected
mployment and unemployment numbers.

What Causes Economic Change?

There are many factors that cause an econ
to change. Three of the biggest are chang
technology, changes in demand for natura
resources, and changes in competition.
learn about changes in technology and
competition in this section.

Stop and Think: How might a change in tech
lead to unemployment?

Changes in Technology

If your teacher has been teaching for a lon
they may remember keeping a paper grad
(Maybe they still do!) At the end of a mark
period they would have to total up all the g
for each student individually and turn a rep

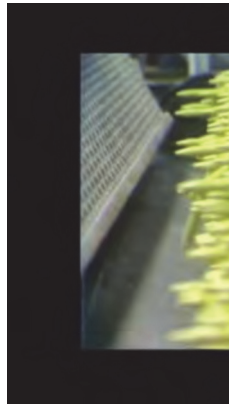
office. Now it's all done on the computer.
one example of how changes in
ogy have made the lives of teachers
(Some would argue it hasn't!) Digital
books have not led to teachers losing their
may have caused people at companies
ake paper grade books to lose theirs! At
he time, companies that make the digital
books may need to hire more people to
e software up to date.

Could a factory employee who helped make paper grade books get a job writing software for digital grade books? Why or why not?

ces in technology always change our
ny. Sometimes those changes are good.
mes they are not. In the last section you

read about a crayon factory and learned that many of the jobs in the factory are done by people. Review the video here if you need to. How much of the work is being done by people, and how much of it is being done by machines? A long time ago, very few machines did the work. That meant the cr factory may have employed more people t there than they do now.

Interactive
Factory



See the produ action! How d of labor practi

Over the last 100 years in particular, many factories have increased productivity by br in new machines to replace certain steps i process. Those crayons in the previous se were once made entirely by hand. Over tir became apparent that machines could do parts of the process faster. If you were the

who used to pour the wax into the mold
d, the machines may have caused you to
ur job. At the very least you might have
specialize in a different step in the
s.

ayon factory still relies on people to do
f the work however. The machines don't
emselves. The machines cannot easily
and make sure the crayons don't come to
oken or mislabeled. While people are
to run the machines, fewer people are
in the factory overall. That means that
who worked in the factory doing certain
f work remained employed, while others
ve ended up unemployed. The same
appened in the car industry. As the
ogy has changed and more jobs can be
ted by machines, people lose certain jobs

at the factory that have traditionally been
by people.

The factory system is one place where
technology has changed our economy. Ot
jobs have also begun to feel the effects of
technological advances. The Internet has
it easy for people to sell things online. Ma
people appreciate how easy it is to shop o
People in rural areas who may not have ac
to some of their favorite stores can go to a
like Amazon, an online store, buy somethi
want or need, and have it delivered to thei
the next day!

This is great for the consumer, but it is
sometimes bad for stores. Over the years
Amazon has become a powerhouse in the
of online sales. You can buy everything fr
books to electronic devices to clothing he

eople buy products here, the physical
ou had to go to in order buy them in the
s had a harder time competing. In some
like the case of Borders Books (which
as a small bookstore in Ann Arbor) online
ike Amazon have led to physical stores
, which once again creates
oyment. Borders (the company) finally
ut of business a few years ago. How
hat affect jobs?

n still uses people in some of its factories,
re and more of the process has become
ated by machines. In the past, most
work was completed by unskilled
s. People could come in with little
ed education and be trained to work in a
part of a factory job. Skilled labor has
ed over the last few decades. Skilled
ften involves operating machines and

it working and running.

There are fewer unskilled factory jobs all over the world today (and not just at Amazon). Much of this is to work on special equipment that does much of the work that used to be done by the unskilled workers.

Interactive 2
Assembly Lin

See some of the cars are produc over time.

Changes in Competition

Another way that an economy can change through competition. A great example of t to look at the United States automotive ind over time.

The United States led the way in developm cars for a long time. For the longest time th

(Ford, GM, and Chrysler) dominated the
y.

akers began to make cars bigger which
a problem in the 50s and 60s. At the time
ces were very low, and the people buying
dn't mind that a bigger car often used
asoline. While some Americans did buy
cars that were imported from other
es, many Americans continued buying
as guzzling cars through the 1950s and

came a problem in the 1970s. Because
e events going on around the world, the
f a gallon of gas in the United States
doubled. It also led to shortages, where
could drive up to gas stations hoping to
tanks only to be turned away because
asn't any left.

Meanwhile, most of the cars imported from other countries were smaller, weighed less, and used less gasoline. As people began to look at replacing their cars, they began to look at smaller, more fuel efficient cars. As people bought more imported cars and fewer American-made vehicles, the Big 3 had to make their labor force smaller several times in the 70s and 80s. People were not buying enough of their cars because they couldn't afford to put gas in them!

Crisis

Learn more about the C
from the 70s in this vid

Interactive 2.12 C
50s and 60s

As you view this video
cars from the 50s, 60s,
what do you notice abo
sizes over time?

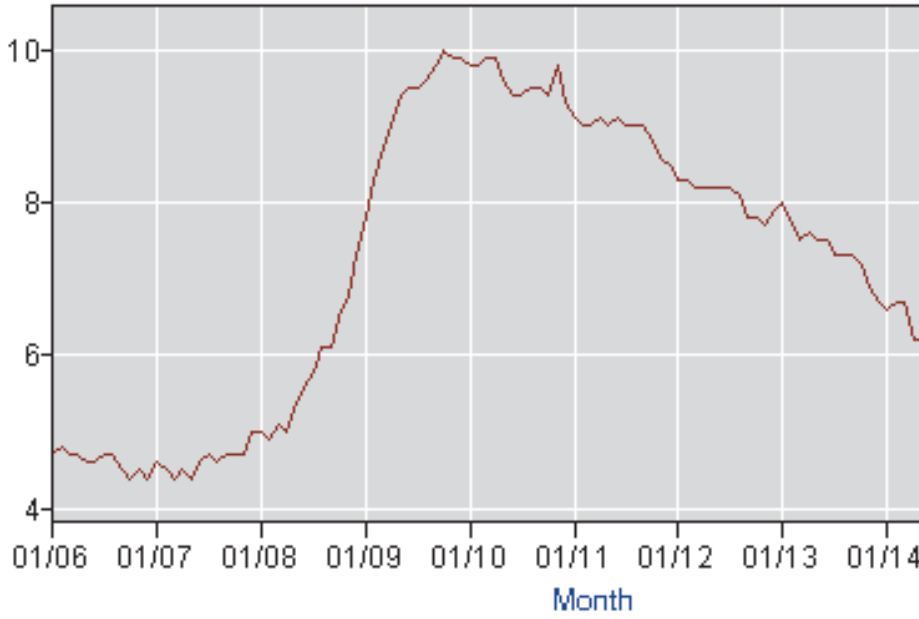
g 3 automakers had to quickly work to
n their models to make them smaller and
uel efficient. It took time. It led to many
dvances in the technology that made cars
well. By the late 70s production of the
ehicles that had been the standard in the
d 60s had slowed considerably.

ompetition continues today. While cars
nsume gas are still the most purchased
s in the world, just a few years ago gas
edged over $4 a gallon. Because of this,
utomakers have investigated cars that run
ewable sources like hydrogen. Others
e to investigate hybrid and electric
s. As you've already learned however,
s in both competition AND technology
placed many of the unskilled jobs that the
ee used to offer.

ployment Today

ployment can be a tricky problem to tand. It can happen across the country n be studied from the local, state, and l levels. National unemployment trends d fall based on a variety of factors. The on this page shows a 10 year period of ginning in 2006 and ending in 2016. It the unemployment rate of the United . The higher the number on the graph, her the percentage of people who are work but don't have a job. This gives unemployment rate. If you look at y of 2006, you'll see that the oyment rate is between four and six t. As you look at this graph, what do tice? How does the number change in 2008? 2009?

Image 2.1 National Unemployment Data



http://data.bls.gov/timeseries/LNS14000000

obably noticed on the previous graph that
oyment was relatively low in 2006 and
During 2008 it began to rise. It rose to
ts highest points in 2009 before beginning
trend downward.

period of time. As you look at unemploym
the Midwest and compare it to the nationa
unemployment levels, what do you notice
the graphs? Are the trends similar or diffe

learned in the geography
, Michigan can be
ed as being part of the
abeled "Midwest". The
of Labor Statistics
s the states of Illinois,
, Iowa, Kansas, Michigan,
ota, Missouri, Nebraska,
Dakota, Ohio, South
and Wisconsin as all
art of the Midwest. This
aph shows you the
oyment rate of the entire
st region for the same

Image 2.2 Midwestern Region Unemployment Data

oking at unemployment trends you can
ok at trends at a smaller level. This graph
Michigan's unemployment rate for the
0 year period of time. In looking at all
raphs, what do you notice? Are the
similar or different? How so? What might
reason for any differences you noticed?

3 Michigan Unemployment Data

"You may have noticed that the graph for
Michigan looks similar to the graph for the
and our region. There is one key differenc
Look at the numbers on the side. The num
indicating unemployment percentages go
on this graph. From the years 2006-2016,
Michigan had a higher unemployment rate
the country overall. Th
graph shows that the w
nation was affected by
something in 2008 and
when the unemploymen
began to soar. In Michi
the unemployment rate
above the national aver

During this period of tim
big three automakers or
again faced a big crisis.
gas prices rose (much li

d in the 70s) the demand for big vehicles
sed. In addition, other problems around
ntry led to higher unemployment rates. It
came more difficult to get a loan for a new
If people aren't working they probably
buying new cars!

hand for vehicles fell, factories began
back on production which meant fewer
s. While this happened in many industries
riety of reasons at the time, it does help
one of the reasons why Michigan's
oyment rate was much higher.

About the Future?

es occur over time, and we might never
ay where the unemployment rate hits
Changes in technology and competition
hat people in some industries may need to
her employment opportunities. Like the
crayon factory however, there will always b
need for some people! These people will n
the skills to perform the factory work of the
future.

It may be a long, long time before machine
perform surgery on people without any
assistance from humans, but the invention
growth of the "Dial a Doc" has the potentia
impact the medical field as well. There is n
substitute for reviewing your health with an
actual person who can do things like take
temperature and check your heart rate. As
service becomes available to more and mo
people however, it might mean fewer peop
heading in to see the family doctor when th
sick. Will this mean there will be fewer job
doctors?

re people are employed, the more likely
e to be using money to purchase their
and wants. As more people purchase
the likelihood that employment will also
stores hire people and purchase goods
lves to meet demand will. As
oyment rises however, the likelihood of
using money to get the goods they need
nt falls. People will stick to the basics.
l mean that businesses and producers
ve to cut their workforce which again…
o more unemployment.