



## Chapter 9: Labor Market Trends

SCHS SOCIAL STUDIES	What you need to know	UNIT THREE
	<ol style="list-style-type: none"><li>1. Describe how trends in the labor force are tracked</li><li>2. Explain how laws against wage discrimination affect wage levels</li><li>3. Understand the connection between wages and skill levels</li><li>4. Analyze reasons for the decline of the labor movement</li></ol>	

### Terms you should know

**Labor Force**

**Learning Effect**

**Screening Effect**

**Contingent Employment**

**Productivity**

**Equilibrium Wage**

**Unskilled Labor**

**Semi-Skilled Labor**

**Skilled Labor**

**Professional Labor**

**Glass Ceiling**

**Labor Union**

**Featherbedding**

**Strike**

**Right-To-Work-Law**

**Blue-Collar Worker**

**White-Collar Worker**

**Collective Bargaining**

**Mediation**

**Arbitration**



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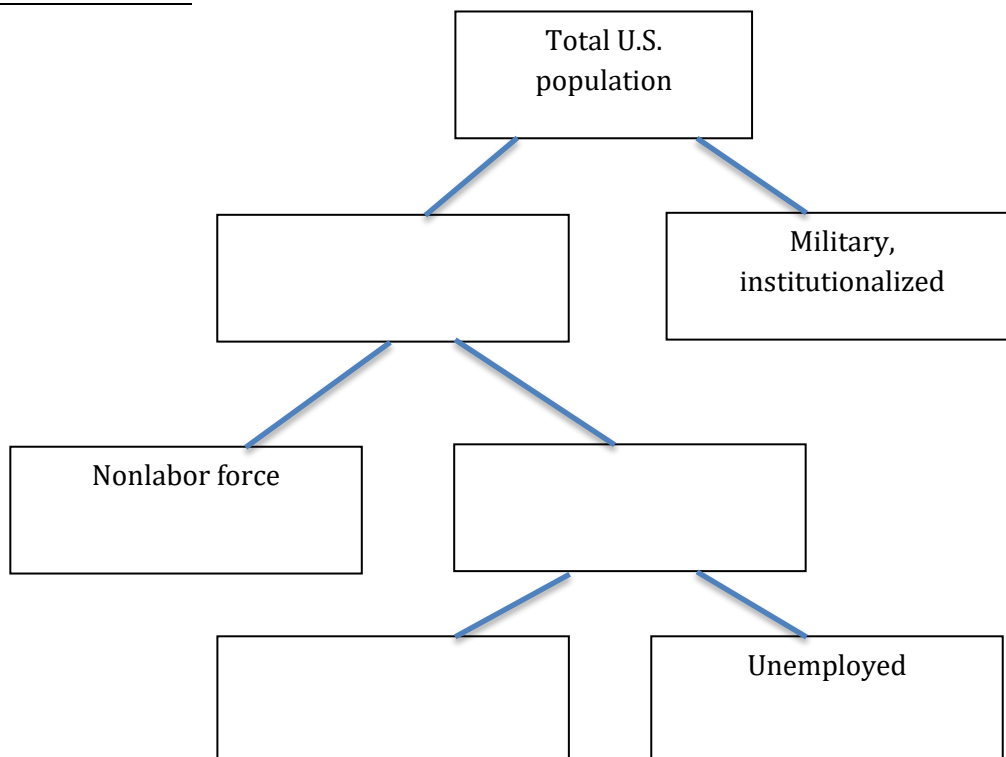
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### **9-1 Summary: Fill in the missing words.**

Economists define the \_\_\_\_\_ as nonmilitary workers over 16 who are employed or unemployed. People who are not looking for work, such as students, full-time parents, and retirees, are not considered part of the labor force. One trend in the U.S. economy is the shift from manufacturing to service. Production of services is increasing faster than the production of goods—especially in computer-related fields. Another important trend is the increasing numbers of women in the workplace. Changing social roles have encouraged many women to gain education and employment skills.

A third trend is the rise of \_\_\_\_\_, or temporary work. Firms use contingent employment to gain flexibility and to save money. It is easier to discharge temporary workers than permanent employees, so firms can quickly adjust the number of workers to increase or decrease output. American workers are paid well compared to people in some countries. However, the average earnings of college graduates has increased, while the average earnings of those without college degrees has decreased by a large amount. One reason for this is that competition from foreign companies has decreased the demand for low-skilled workers.

**The Bureau of Labor statistics defines who is in the U.S. labor force. FILL IN THE COMPOSITION OF THE U.S. LABOR FORCE.**



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Fill in two supporting facts or details under each main idea by answering each question.

**Main Idea: The Bureau of Labor Statistics (BLS) tracks changes in the labor force**

1. How do economists define *labor force*? \_\_\_\_\_  
\_\_\_\_\_
2. What criteria define unemployment? \_\_\_\_\_  
\_\_\_\_\_

**Main Idea: The changing economy has brought along a changing job market**

3. How did the electronics boom of the mid-twentieth century impact the job market? \_\_\_\_\_  
\_\_\_\_\_
4. What new jobs were created beginning in the 1970's? \_\_\_\_\_  
\_\_\_\_\_

**Main Idea: Changes in the labor force can be traced to a number of causes.**

5. How has higher education contributed? \_\_\_\_\_  
\_\_\_\_\_
6. Why are there more women in the labor force? \_\_\_\_\_  
\_\_\_\_\_

**Main Idea: For about the past 20 years, the trend in average wage earnings can be described as slightly downward.**

7. Have all workers received lower wages? \_\_\_\_\_  
\_\_\_\_\_
8. How has competition affected wage earnings? \_\_\_\_\_  
\_\_\_\_\_

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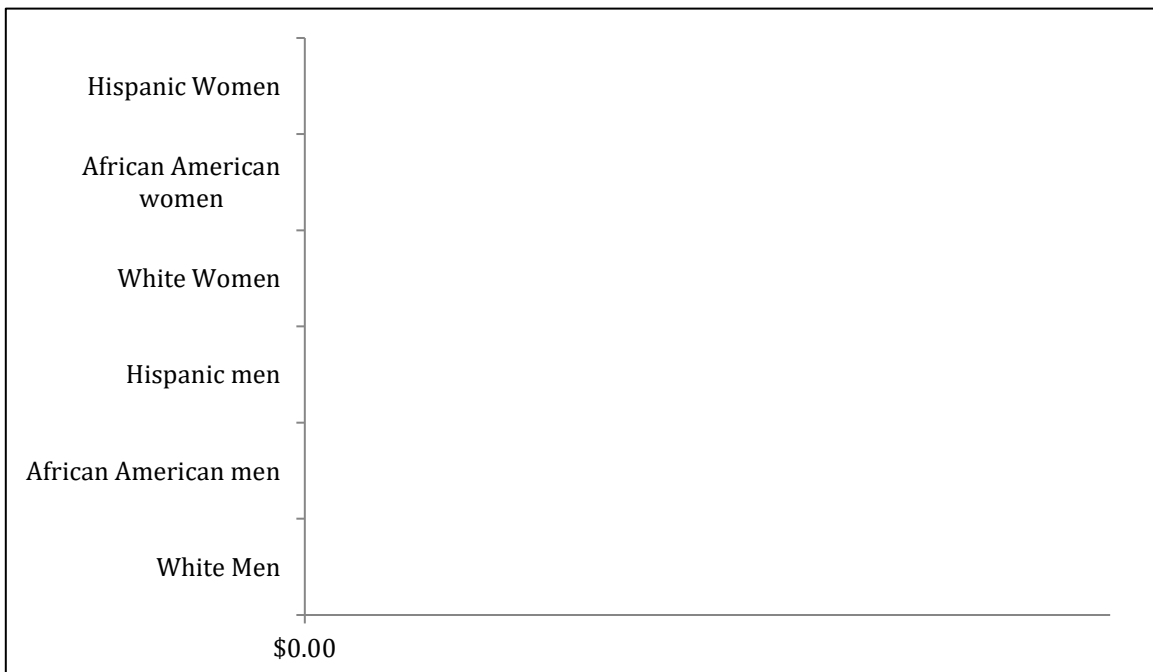
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### **9-2 Summary: Fill in the missing words.**

In a competitive labor market, the price of labor-the wage rate-is determined largely by supply and demand. Workers are paid according to their \_\_\_\_\_, the level of output produced. Competitive demand for labor drives wages up. Some firms attempt to cut labor costs by substituting machines for people. Labor supply comes from households. The higher the wage, the larger the quantity of labor supplied. The \_\_\_\_\_ is the wage rate that produces neither an excess supply of workers nor an excess demand for workers. Jobs can be classified into four skill levels. \_\_\_\_\_ requires no specialized skills or training. \_\_\_\_\_ requires minimal specialized skills and education. \_\_\_\_\_ requires skills and training. \_\_\_\_\_ requires advanced skills and education. Workers with higher skill levels usually receive higher wages. In addition, union members tend to earn higher wages than nonunion workers in similar jobs.

In the 1960s, Congress outlawed wage discrimination based on gender or race. Yet, women still earn about 75 percent of men's earnings, and minorities tend to earn lower pay than whites. The \_\_\_\_\_, an unofficial and invisible barrier in some workplaces, prevents some women and minorities from advancing in certain companies.

**In the labor market, wages are determined mostly by supply and demand. COMPLETE THE GRAPH TO SHOW THE MEDIAL EARNINGS OF U.S. WORKERS.**



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Complete each of the following sentences.

1. Employment in a labor market depends on how the demand for workers meets \_\_\_\_\_.
2. The price of labor (earnings) depends on \_\_\_\_\_.
3. Professional labor requires \_\_\_\_\_.
4. In a competitive market, workers are usually paid according to \_\_\_\_\_.
5. Higher labor prices decreases the \_\_\_\_\_.
6. Firms can respond to higher wages by replacing \_\_\_\_\_.
7. Higher wages increase the \_\_\_\_\_.
8. Jobs in the skilled labor category require \_\_\_\_\_.
9. A high equilibrium wage is the result of \_\_\_\_\_.
10. The Equal Pay Act of 1963 provided that \_\_\_\_\_.
11. Title VII of the 1964 Civil Rights Act forbids job discrimination on the basis of \_\_\_\_\_.
12. Lack of human capital and possible discrimination contribute to low wages for \_\_\_\_\_.
13. Negative effects on nonunion wages can be reduced when unions \_\_\_\_\_.

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**9-3 Summary: Fill in the missing words.**

The labor union movement, which took shape over more than a century ago, was largely a response to changes brought on by the Industrial Revolution and the dangerous conditions and long hours of new factory jobs. Samuel Gompers, who founded the American Federation of Labor in 1886, focused on three reforms: higher wages, shorter hours, and safer work environments. Union membership peaked in the 1940s. In 1947, in an effort to curb union power, Congress passed the Taft-Hartley Act, which allowed states to pass right-to-work laws. Since the 1940s, overall union membership has dropped to 13.5 percent of the labor force.

In a union workplace, management and labor periodically come together to negotiate employment contracts for wages and benefits, working conditions, and job security using the process of \_\_\_\_\_ . If a deadlock occurs, the union members may vote to \_\_\_\_\_ -a process that may be damaging to both labor and management. Sometimes the two sides agree to mediation in which a third party is asked to find a solution both parties will accept. However, \_\_\_\_\_ is not binding. If it fails, the talks may go to \_\_\_\_\_ in which the third party's decision is legally binding.

**These structural changes in the U.S. economy may have contributed to reducing union membership.**

**FROM YOUR TEXTBOOK, COMPLETE THE ECONOMIC CHANGES THAT AFFECT UNIONS.**

MANUFACTURING DECLINES	MORE WOMEN WORK	JOBS MOVE SOUTH
From 1956 to 1998 manufacturing fell from _____ _____ _____	From 1960 to 1999 the number of women in the labor force increased from _____ _____ _____	From 1958 to 1998 the North lost _____ and the South gained _____ of manufacturing jobs.
Historically, most union jobs are in _____ _____	Women tend to work in non-union _____ jobs.	Historically the South is _____ to unions.

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Supply the information requested by each heading.

### Major U.S. labor organizations formed between 1869 and 1955

1. (1869) \_\_\_\_\_
2. (1886) \_\_\_\_\_
3. (1938) \_\_\_\_\_
4. (1955) \_\_\_\_\_

### Anti-union strategies used by U.S. employers before the 1960's

5. \_\_\_\_\_
6. \_\_\_\_\_
7. \_\_\_\_\_
8. \_\_\_\_\_

### Economic changes that have affected unions

9. \_\_\_\_\_
10. \_\_\_\_\_
11. \_\_\_\_\_

### Ways in which unions have declined in traditional strongholds

12. \_\_\_\_\_
13. \_\_\_\_\_
14. \_\_\_\_\_
15. \_\_\_\_\_

### Major issues covered under a union contract

16. \_\_\_\_\_
17. \_\_\_\_\_
18. \_\_\_\_\_