



**Chapter 9: Labor
Section 1**

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ECONOMICS

PEARSON

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Objectives

1. **Describe** how trends in the labor force are tracked.
2. **Analyze** past and present occupational trends.
3. **Summarize** how the U.S. labor force is changing.
4. **Explain** trends in the wages and benefits paid to U.S. workers.



Key Terms

- **labor force:** all nonmilitary people who are employed or unemployed
- **outsourcing:** the practice of contracting with another company to do a specific job that would otherwise be done by a company's own workers
- **offshoring:** the movement of some of a company's operations to another country
- **learning effect:** the theory that education increases efficiency of production and thus results in higher wages



Key Terms, cont.

- **screening effect:** the theory that the completion of college indicates to employers that a job applicant is intelligent and hard-working
- **contingent employment:** a temporary and part-time job
- **guest workers:** members of the labor force from another country who are allowed to live and work in the United States only temporarily



- How do economic trends affect workers?
 - Economic trends affect
 - Employment rates
 - Outsourcing and offshoring
 - The demographics of the work force
 - The level of education of the work force
 - Wages and benefits



Tracking the Labor Force

- Each month the Bureau of Labor Statistics (BLS) assembles information on the labor force—all nonmilitary people who are employed or not employed.



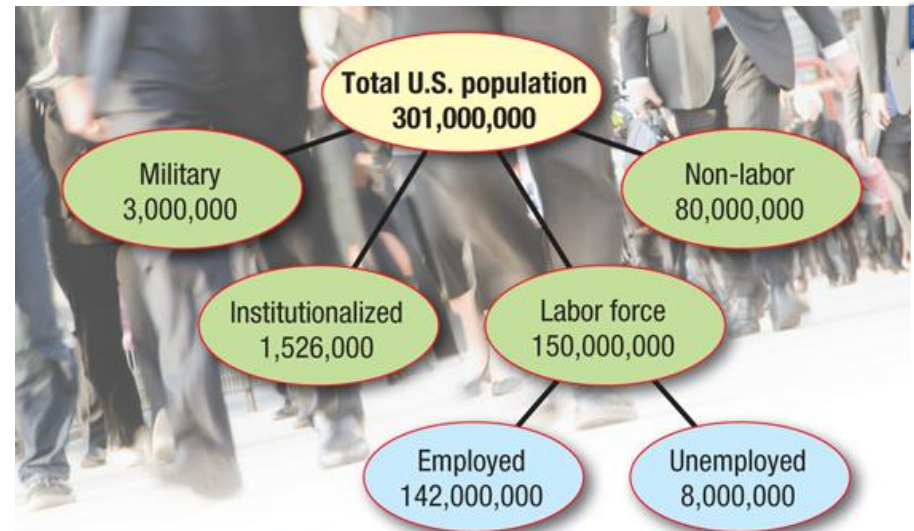
The Labor Force

- A person is considered employed if they are 16 years or older and meet at least one of the following requirements:
 - They worked at least one hour for pay in the past week
 - They worked 15 hours or more without pay in a family business
 - They held jobs but did not work due to illness, vacations, labor disputes, or bad weather.



Composition of the U.S. Labor Force

- People are considered unemployed if they are either temporarily unemployed or if they are not working but are looking for jobs.
 - What are the parts that form the total U.S. population?
 - How does being unemployed differ from not being a part of the labor force?



SOURCE: *The 2008 Statistical Abstract of the United States*
Note: Total U.S. population includes 66.5 million children under 16 years old. That segment of the population is not reflected in this chart's labor and non-labor statistics.



The BLS

- Checkpoint: What important information can we learn from the Bureau of Labor Statistics (BLS)?
 - The BLS tells us how many people are in the labor force as well as how many people are employed or unemployed at a given time.
 - It also provides information on historical trends in the labor force and reports the unemployment rate each month.



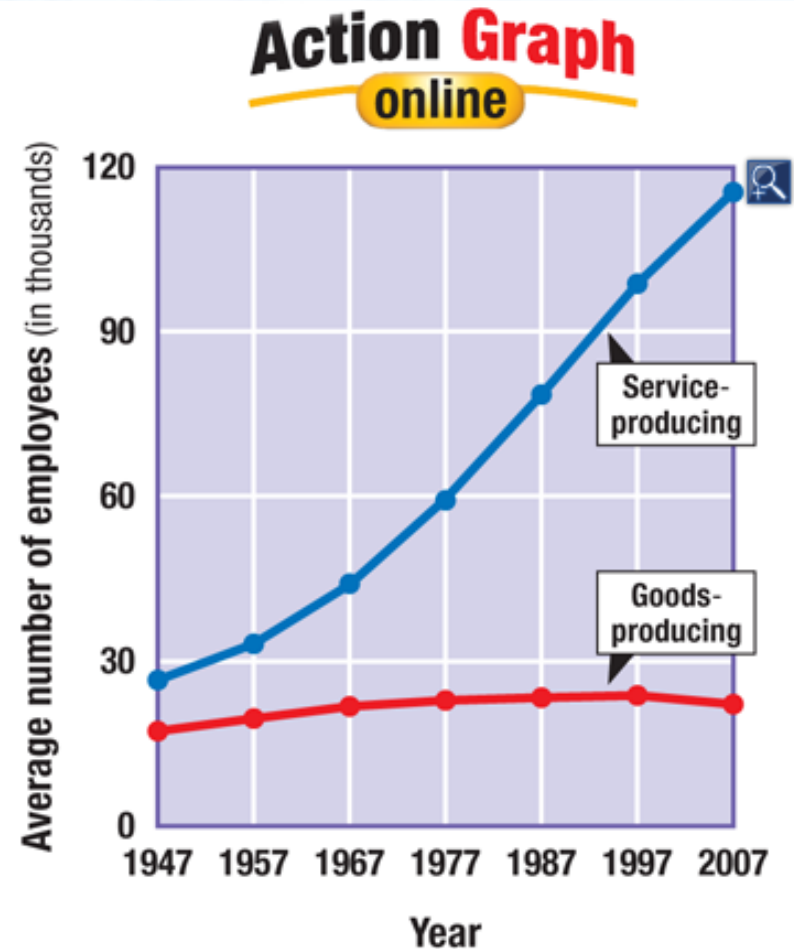
Occupational Trends

- The job market is constantly changing.
 - The United States, for example, began as an agricultural society that gave way to heavy industry in the early 1900s.
 - Electronics came next as a major industry in the 1950s, followed by computers opening new employment opportunities in the 1970s.



Occupational Trends, cont.

- In the past decade, the United States has shifted from a manufacturing economy to a service economy.
 - Many manufacturing jobs have gone overseas through outsourcing and offshoring forcing many Americans to find work in other areas.
 - How many service-producing employees were added in the period shown?

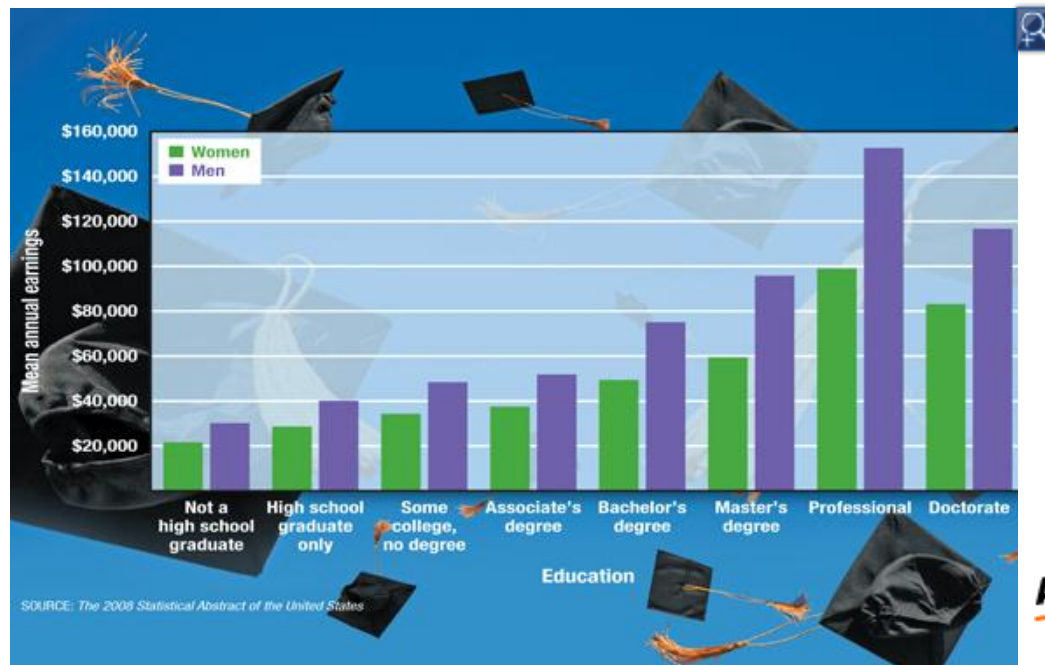


SOURCE: Bureau of Labor Statistics



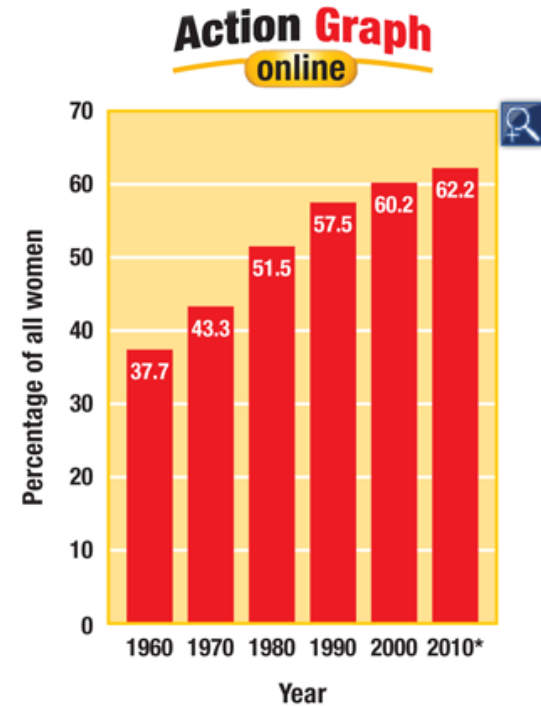
The Changing Labor Force

- Many people in today's workforce seek better employment opportunities by getting a college degree.
- People with advanced degrees can make more money than those with lesser degrees and they are viewed by employers as hard-workers.



Women in the Work Force

- The number of women in the workforce has drastically changed in the last 50 years.
 - Women were encouraged to get an education and increase their human capital, which led to more women entering the workforce.
 - The increase in service sector jobs also added to the increase of women in the workforce.



* Projected
SOURCE: U.S. Department of Labor

Which decade shows the largest increase in the percentage of women entering the labor force?



Temporary Workers

- Another trend in the workforce is the increase in temporary workers, or contingent employment.
- Reasons for this trend include:
 - The ability of firms to easily adjust their workforce to changing demand for their output.
 - Temporary workers are paid less and given fewer benefits.
 - It's easier to discharge temporary workers and less costly.
 - Some workers prefer the flexibility of temporary work



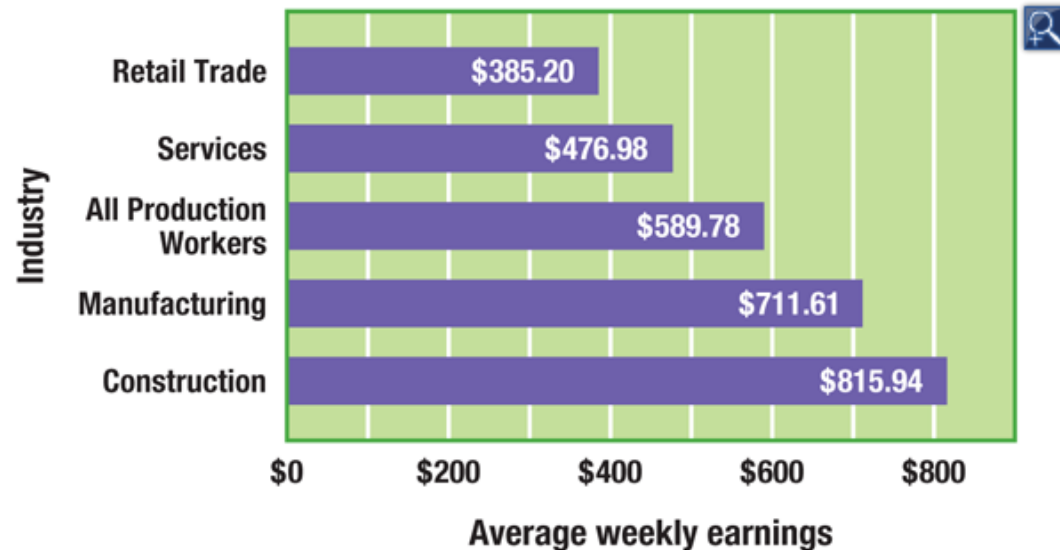
Foreign-Born Workers

- Foreign-born workers have also influenced the labor force in recent years.
- Guest workers are allowed to work for a company that can show they cannot meet their labor needs with native-born workers.
 - Critics of guest workers say that they hold down the wages of Americans.
 - Supporters claim immigrant workers do jobs that Americans are unwilling to do because the wages are low and these companies can charge less for their goods as a result.



Wages

- Economists also study trends in benefits and wages.
- Americans earn higher wages than people in many other countries but in recent years the trend has been toward slow growth in earnings, as a result of outsourcing and deregulation.
 - What is the average salary of a worker who is employed in a retail trade or services job?



SOURCE: Bureau of Labor Statistics

Action Graph
online



Benefits

- For many workers, benefits like pensions and health insurance are a significant share of total compensation.
 - This share rose fairly steadily during the 1900s and early 2000s.
 - Employers are finding that these rising benefits costs increase the cost of doing business and thus cut into their profits.
- If such costs continue to rise, companies may have to find ways to cut benefits, which may prove unpopular with workers.



Review

- Now that you have learned about how economic trends affect workers, go back and answer the Chapter Essential Question.
 - How can workers best meet the challenges of a changing economy?

