Use Input-Output Tables to show complete “value chains”--the direct and indirect inputs needed to produce final output.

Technological change means that it takes a smaller share of our resources to produce common goods and services: shares of food and clothing go from 45.4% in 1947 to 17.7% in 2007.

Further, the nature of goods have changed from just simple goods and services—more eating out, more entertainment values, and more customization. The new world of applications for smart phones and personal trainers at fitness centers.

**Change in Output Shares in Consumption, 1947-2007**

- Food: -19.3%
- Clothing: -8.5%
- Transportation: -1.4%
- Housing: 1.3%
- Government: 3.0%
- Business Services: 4.1%
- Recreation: 6.3%
- Health Care: 14.6%

Stephen Rose, Georgetown Center on Education and the Workforce
Change in Production Recipes Driven by Business to Business Sales and Internal Changes within Firms

New “Functional” approach identifies the rise in high-skill service sectors in office work, health care, education, and communication:

- 64% of all employment and 74% of all earnings; 81% of those with a BA and 90% of those with a graduate degree work in these sectors.
- The combined shares of low-skill retail and service work has remained constant at about 19% of the labor force.
- By contrast, the share of manual labor in factories, farms, construction, utilities, wholesale and transportation declined from 32% in 1967 to 17% in 2007.

The main driver of change is how things are produced. For example, in 1967, 26% of the value added necessary to produce food and drink went to agriculture, fishing, and food manufacturers while 6% went to business services and finance. By 2007, these shares were 14% and 15%.

Looking at the whole value chain, imports (at 13.5% of GDP) play a significant but not dominant role in many consumer goods. For example, 27% of video and audio equipment and 21% of furniture and furnishings were due to imports.

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