ONLINE APPENDIX 2 FOR: AUTOMATION, POWER, AND PROFIT

1. Results

The details in this document are identical as those in the Online Appendix. Here, however, I replace equation (25) in the main text with

$$1 - m_t^* = \left(\frac{K_t}{\varphi Y_t}\right)^{\text{BEA}} (A^k \varphi)^{1-\sigma} \left(\delta(1 + \mu_t^{\text{BEA-BLS}})\right)^{\sigma},$$

so that m_t^* is directly obtained from data of the capital-output ratio. This contrasts with the approach in the main text, where I use data of m_t^* from Hémous, Olsen, Zanella, and Dechezleprêtre (2025) and normalize its values to fit track the behavior of (K/Y).

The results are summarized in Figure 1. The source code is available by the author by request.

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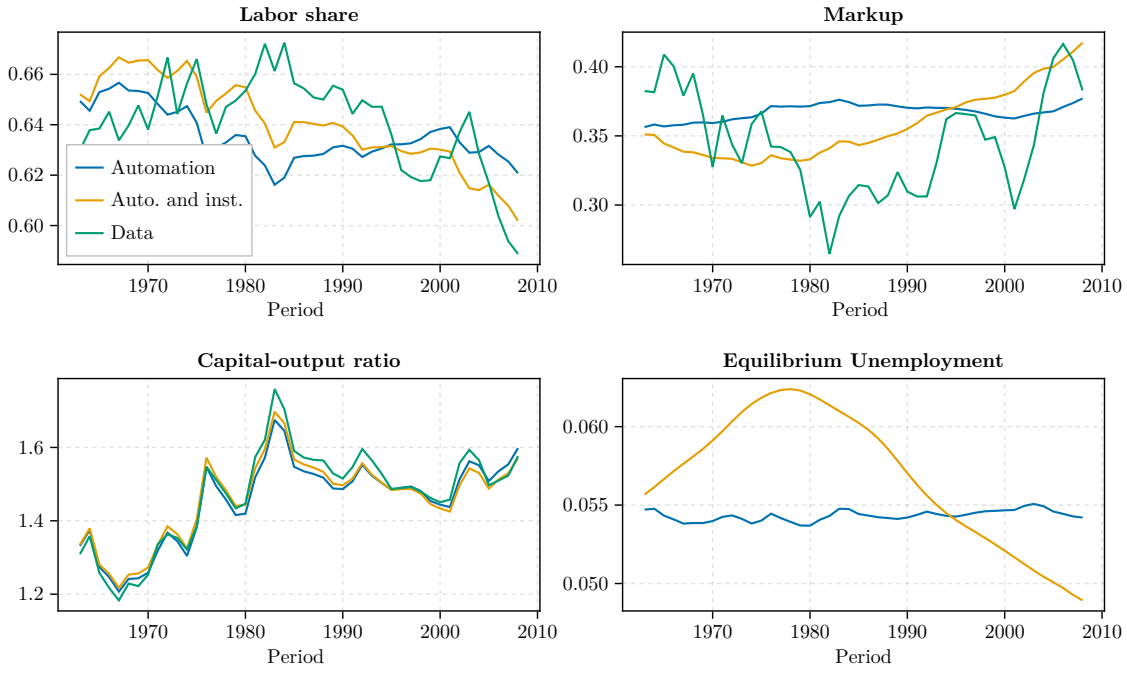

Figure 1. data and predicted steady-state values.

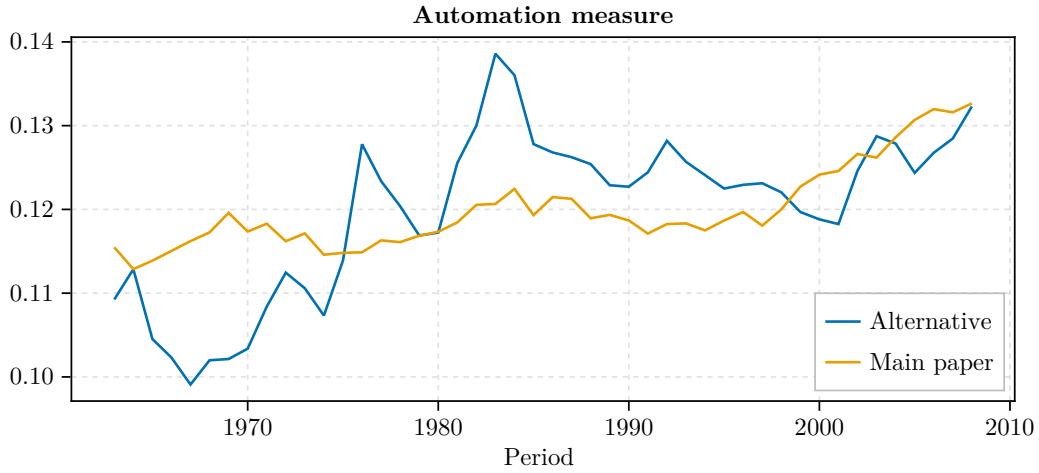

FIGURE 2. ALTERNATIVE CALIBRATIONS OF $1 - m_t^*$.

The results in Figure 2, in turn, shows that the automation measures remain largely unchanged if we only use the BEA-BLS data of the capital-output ratio.

REFERENCES

Hémous, D., Olsen, M., Zanella, C., & Dechezleprêtre, A. (2025). Induced automation innovation: Evidence from firm-level patent data. *Journal of Political Economy*, *113*(6), 1975–2028. doi: https://doi.org/10.1086/734778

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