

Unit 16

TECHNOLOGICAL PROGRESS, UNEMPLOYMENT, AND
LIVING STANDARDS IN THE LONG RUN

Figure 16.1. Unemployment rates in selected OECD countries (1960-2014).

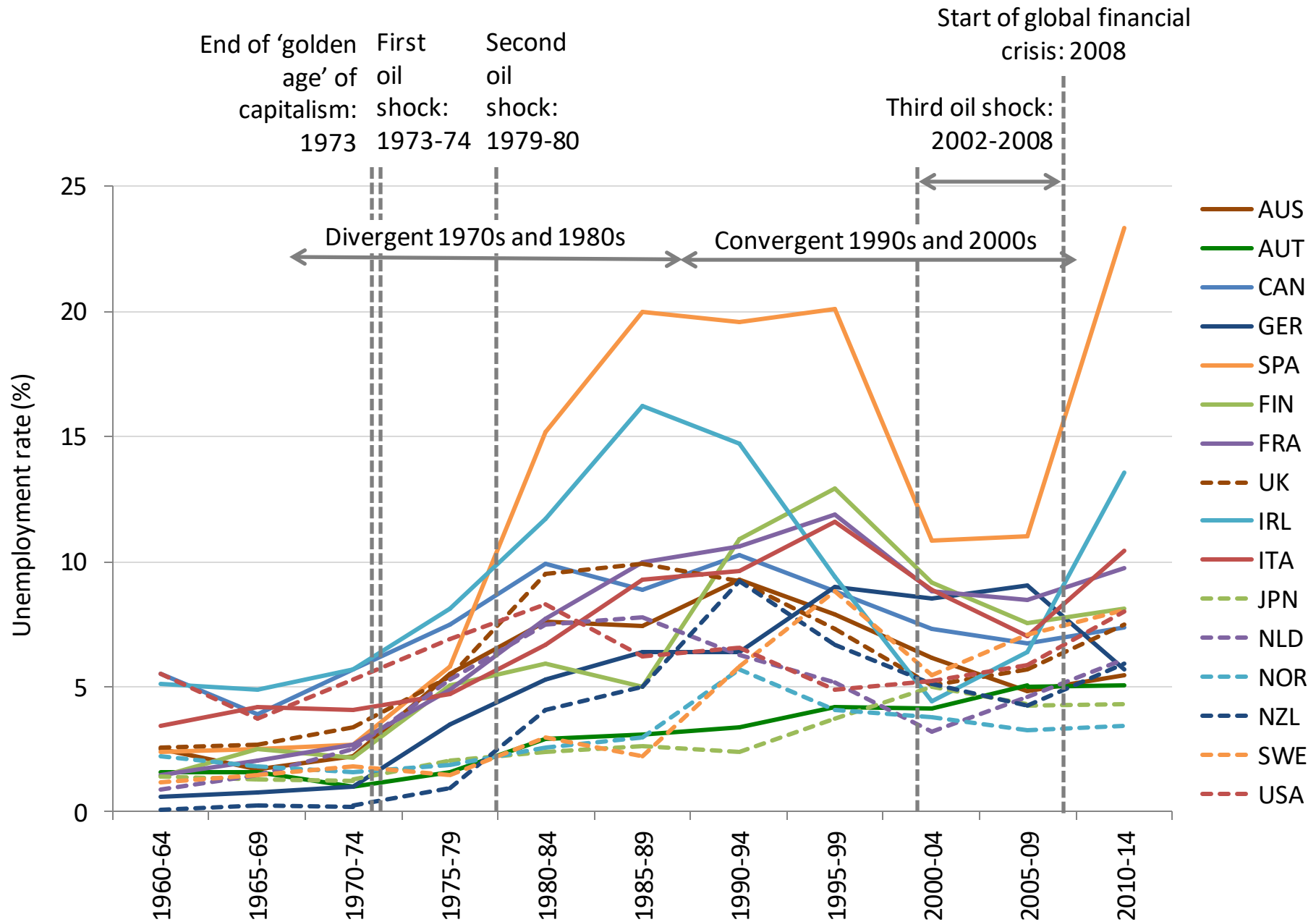


Figure 16.2. The economy's production function and technological progress.

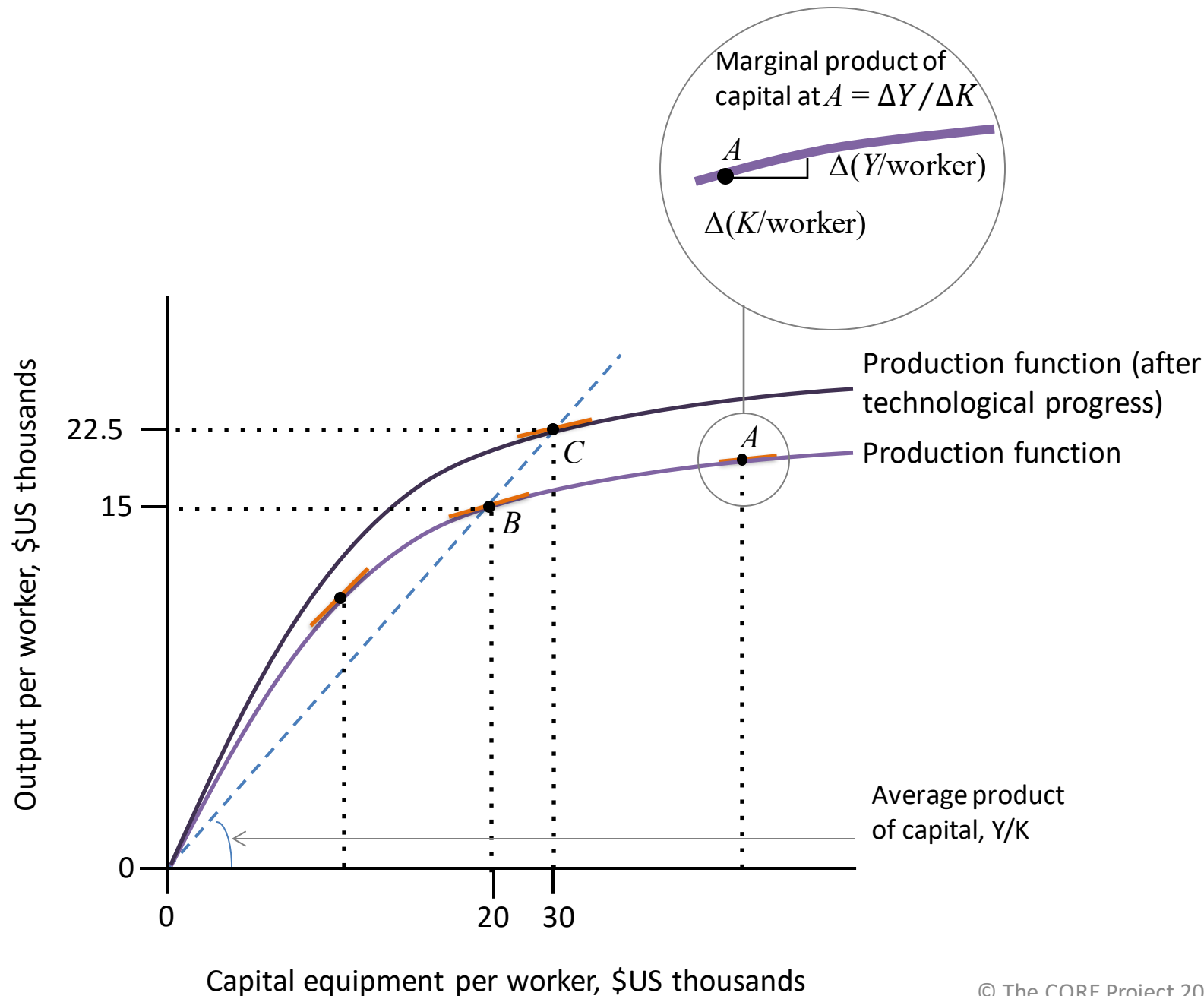


Figure 16.3. Long-run growth trajectories of selected economies.

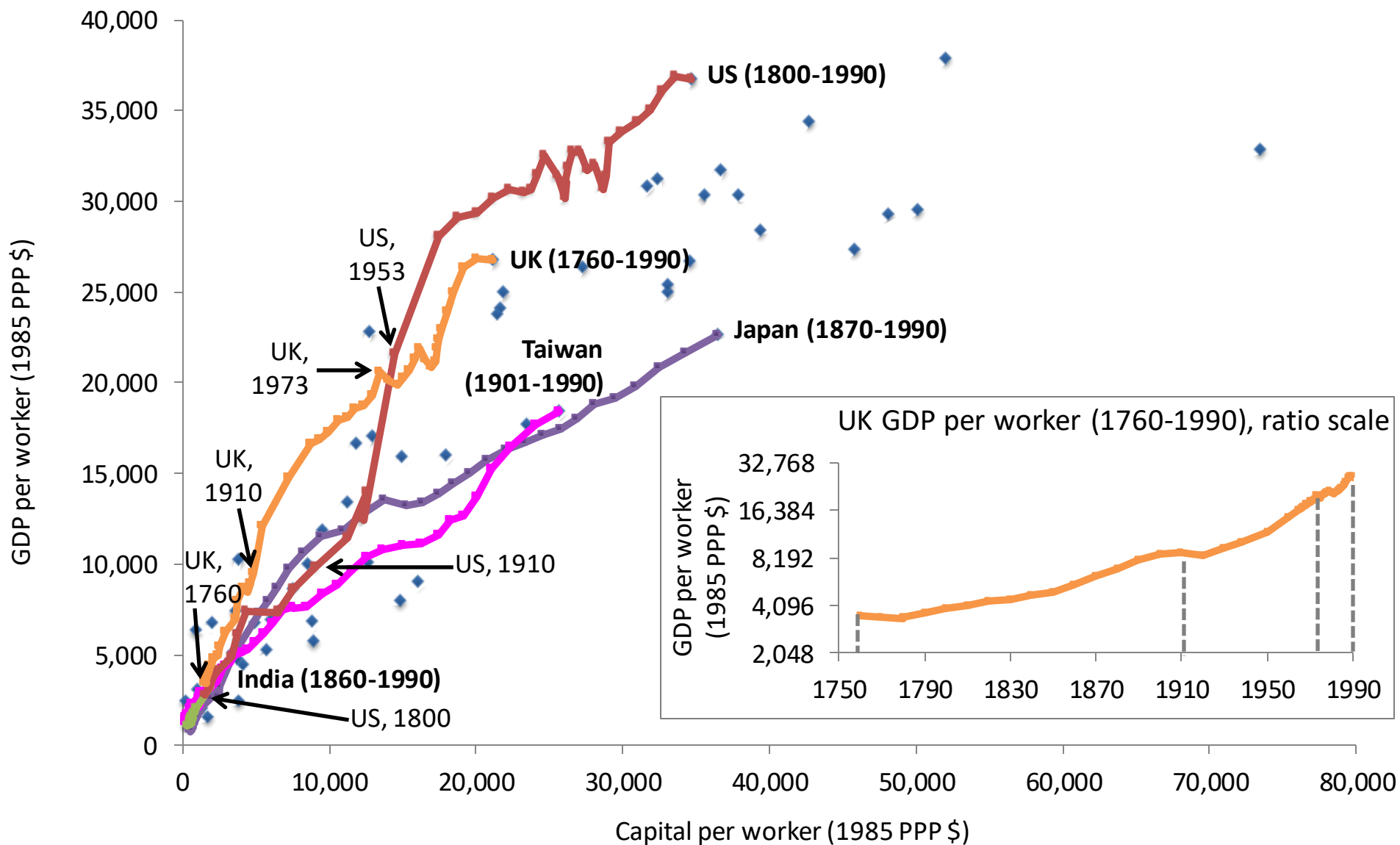


Figure MCQ2.

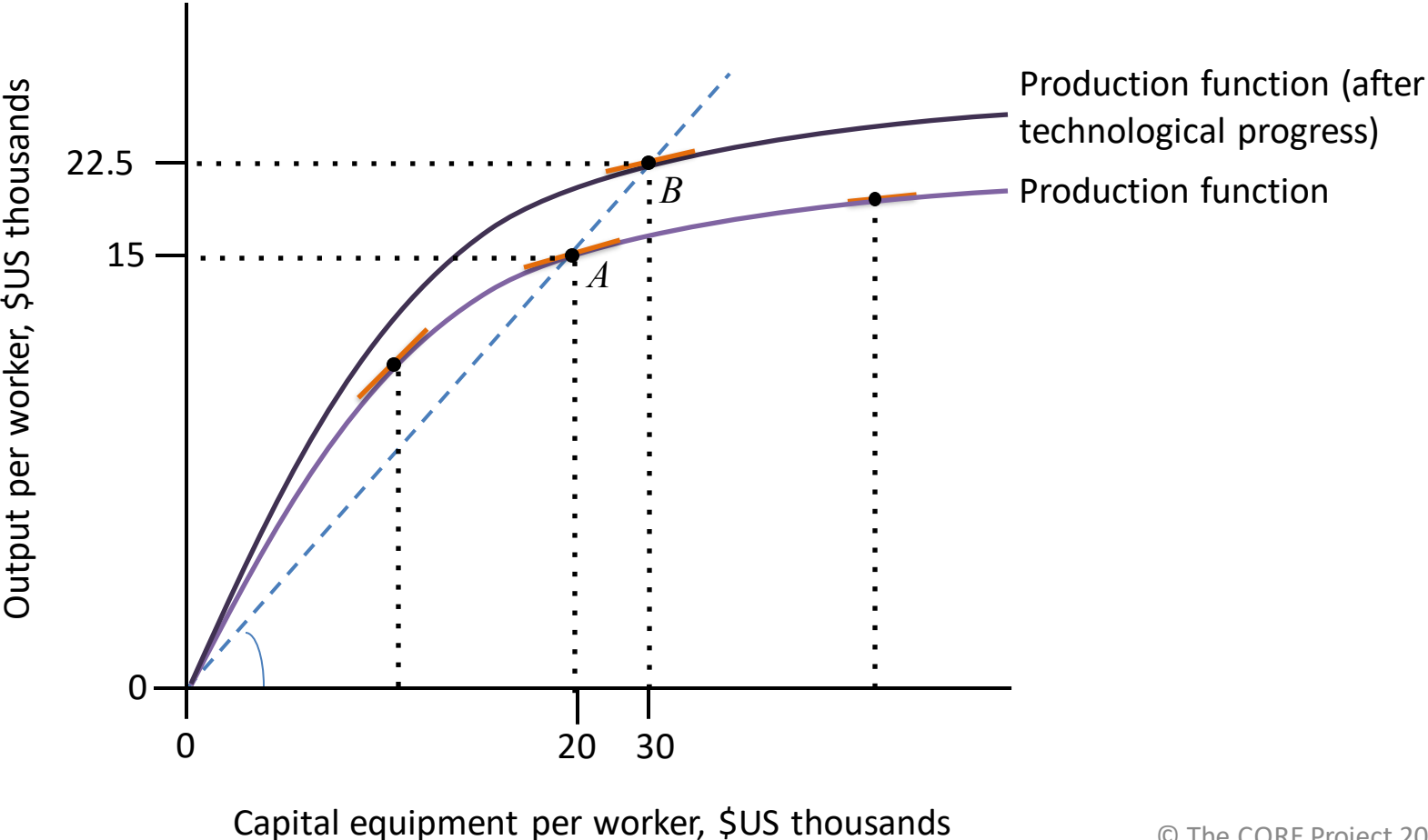


Figure 16.4. Job destruction, job creation, and net employment across countries.

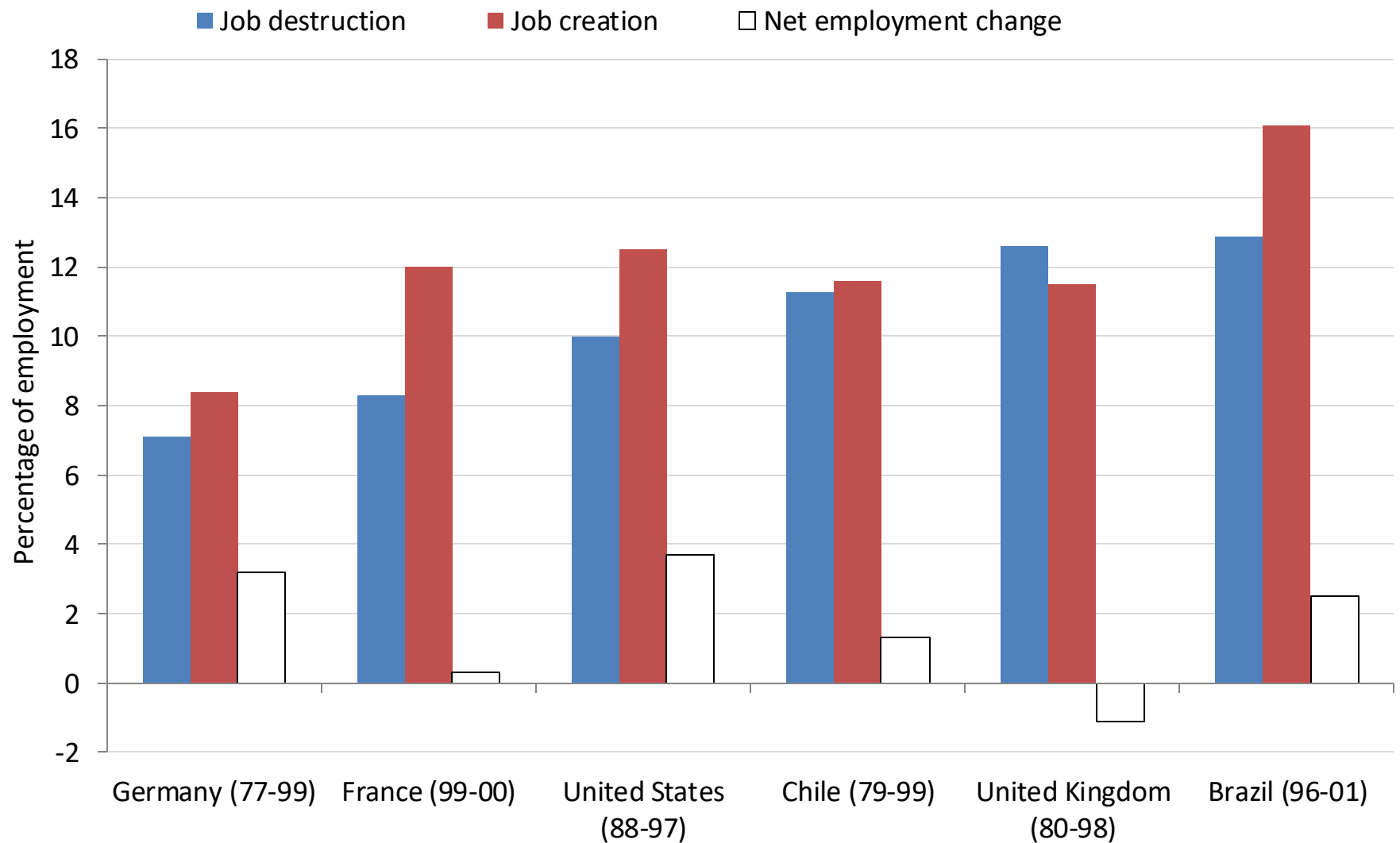


Figure 16.7a. Firm entry, exit, and the equilibrium markup.

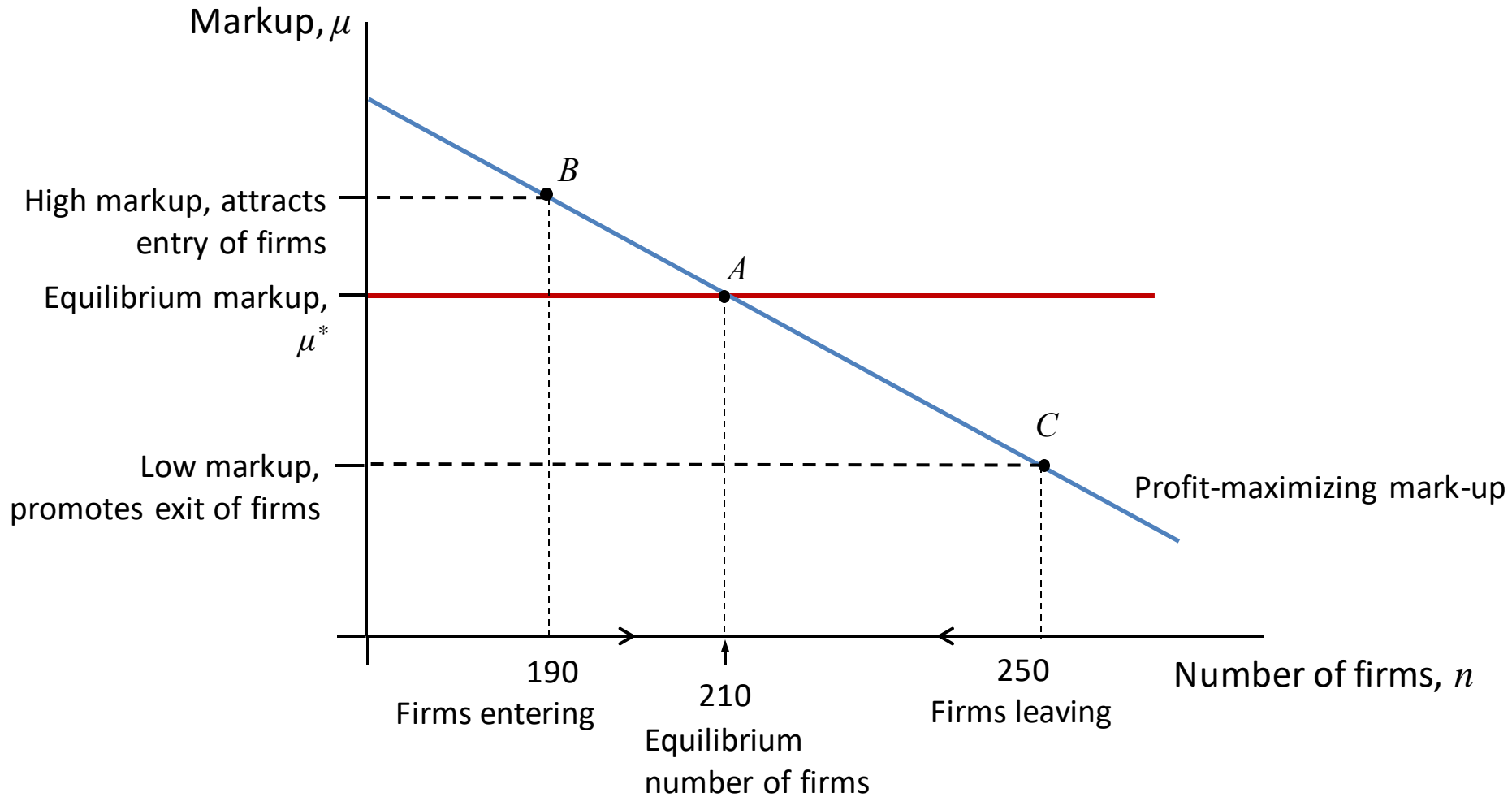


Figure 16.7b. An improvement in conditions for doing business: Firm entry, exit, and the equilibrium markup.

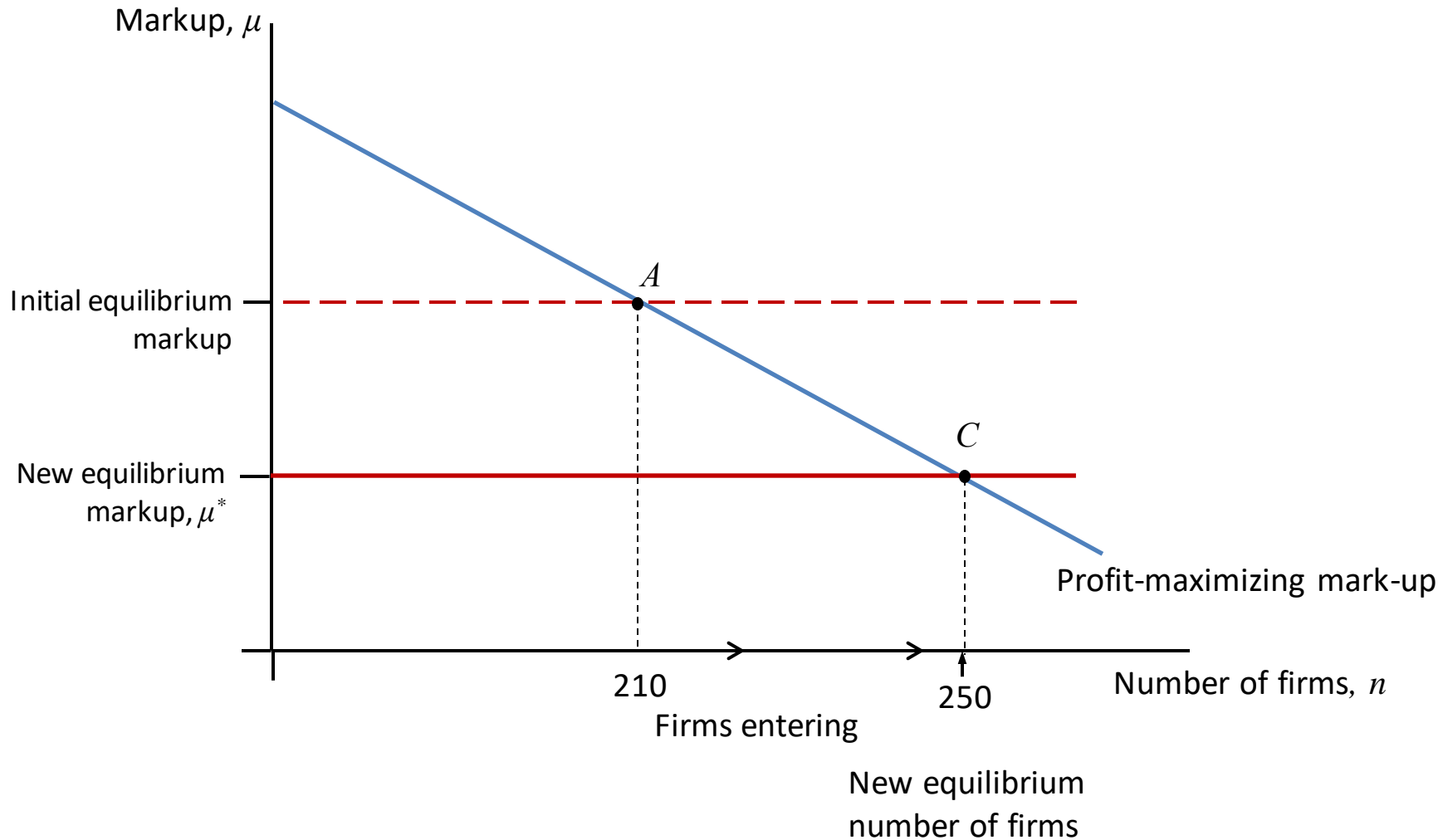


Figure 16.8. Changes in the long-run markup shift the price-setting curve.

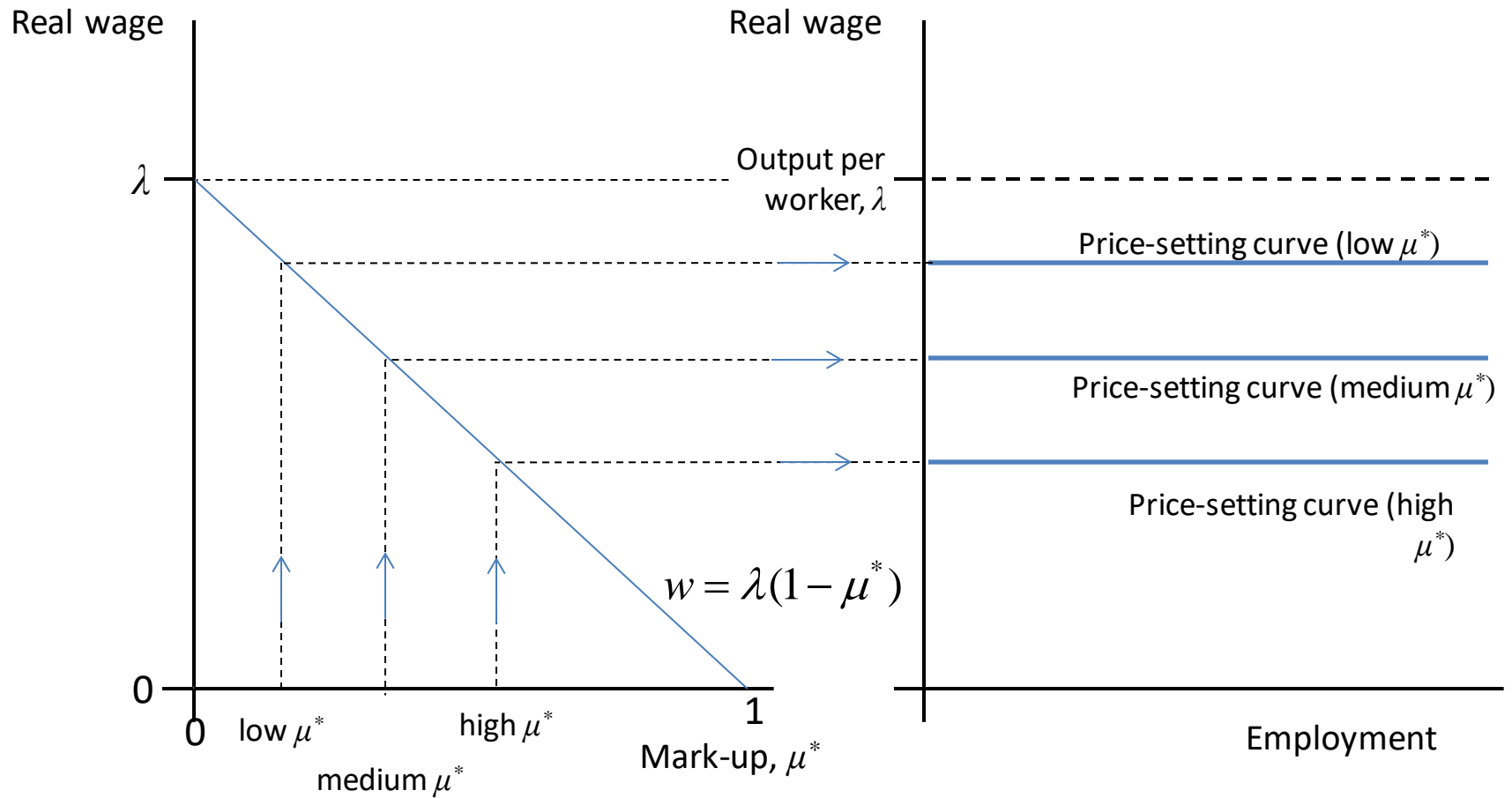


Figure 16.9a. The long-run unemployment rate and new technology.

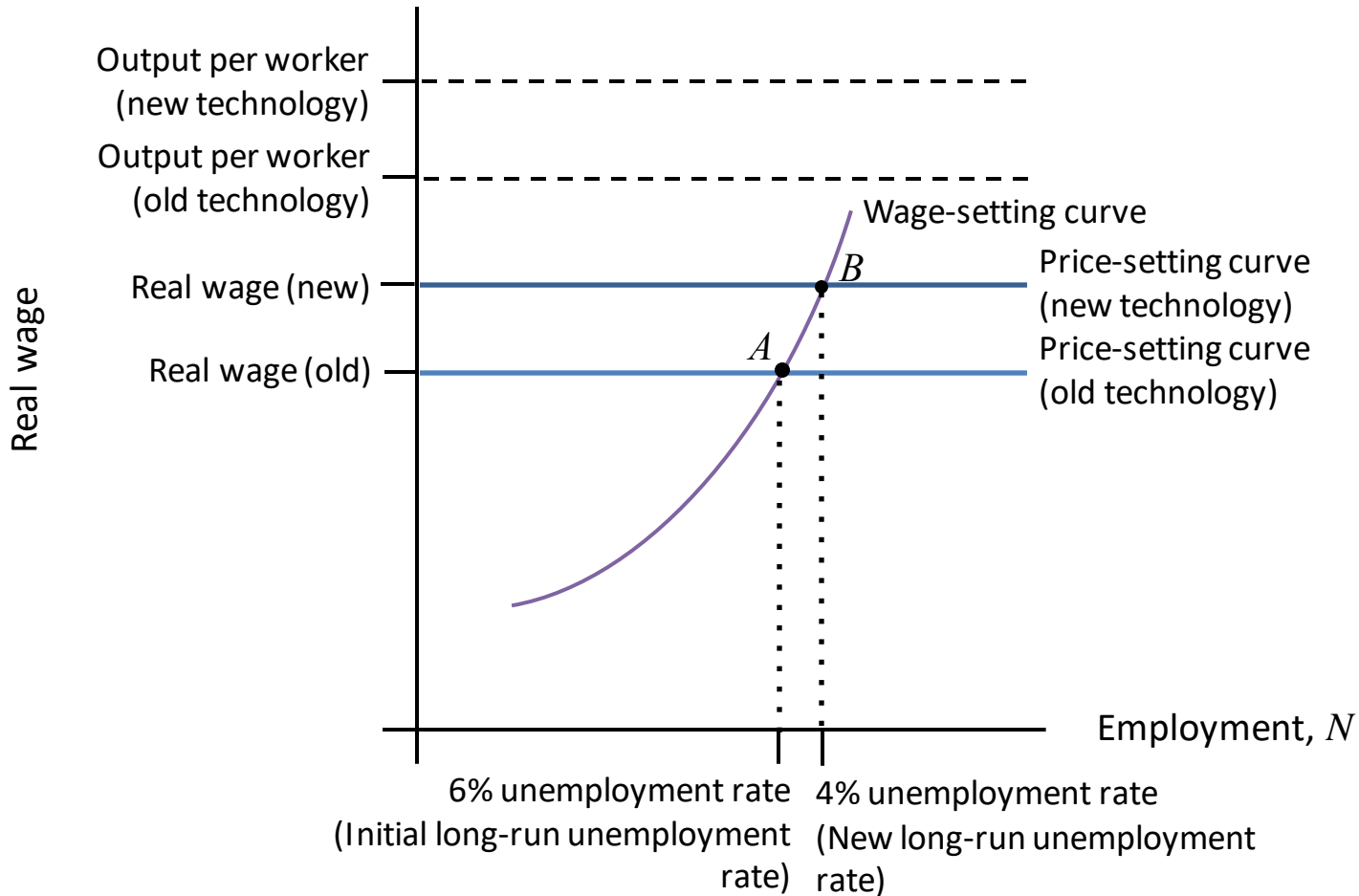


Figure 16.9b. The long-run unemployment rate and new technology.

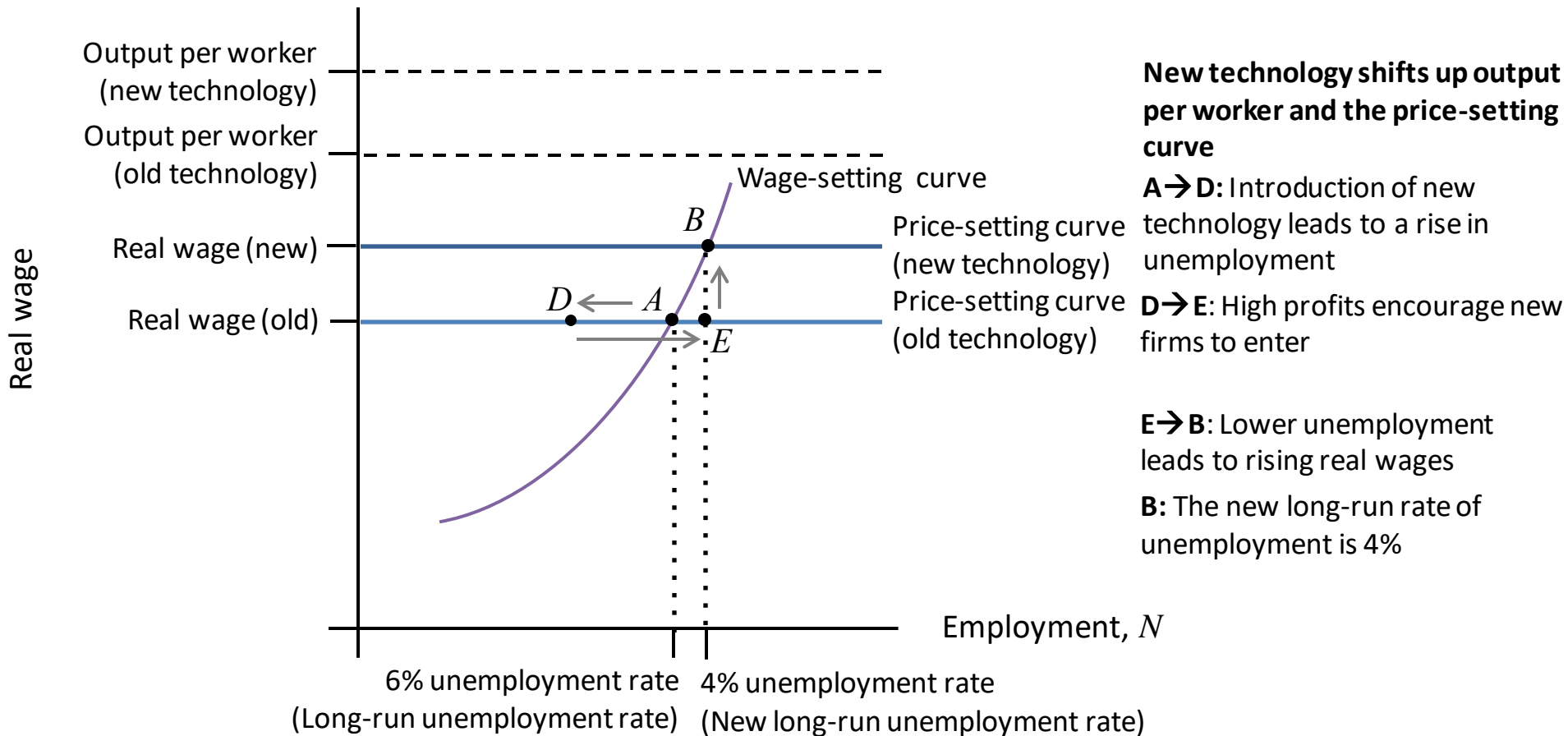


Figure 16.10. Effects of technological improvements on the labour market model: Short vs. long run.

	In Figure 16.9b	Employment	Unemployment	Wage share	Inequality
Short Run (number of firms and their capital stock do not change)	A to D	Down	Up	Down	Up
Long run (outcome adjusts fully to the new Nash equilibrium of the model; no change in wage-setting curve)	A to B	Up	Down	No change	Slightly down

Figure 16.11. Effects of a new technology on inequality in the short and long run.

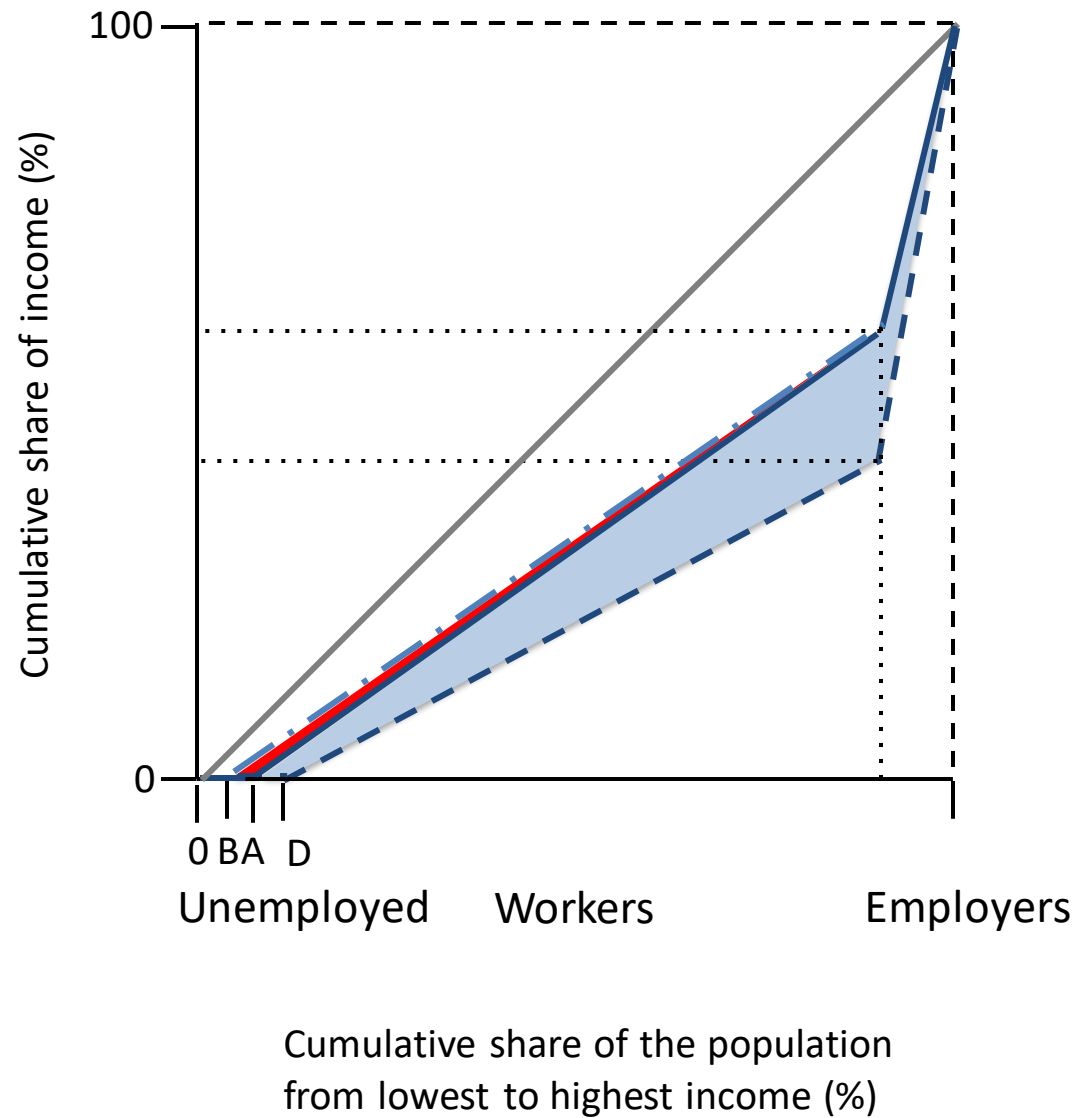


Figure 16.12. Long-run unemployment and real wage growth across the OECD (1970-2011).

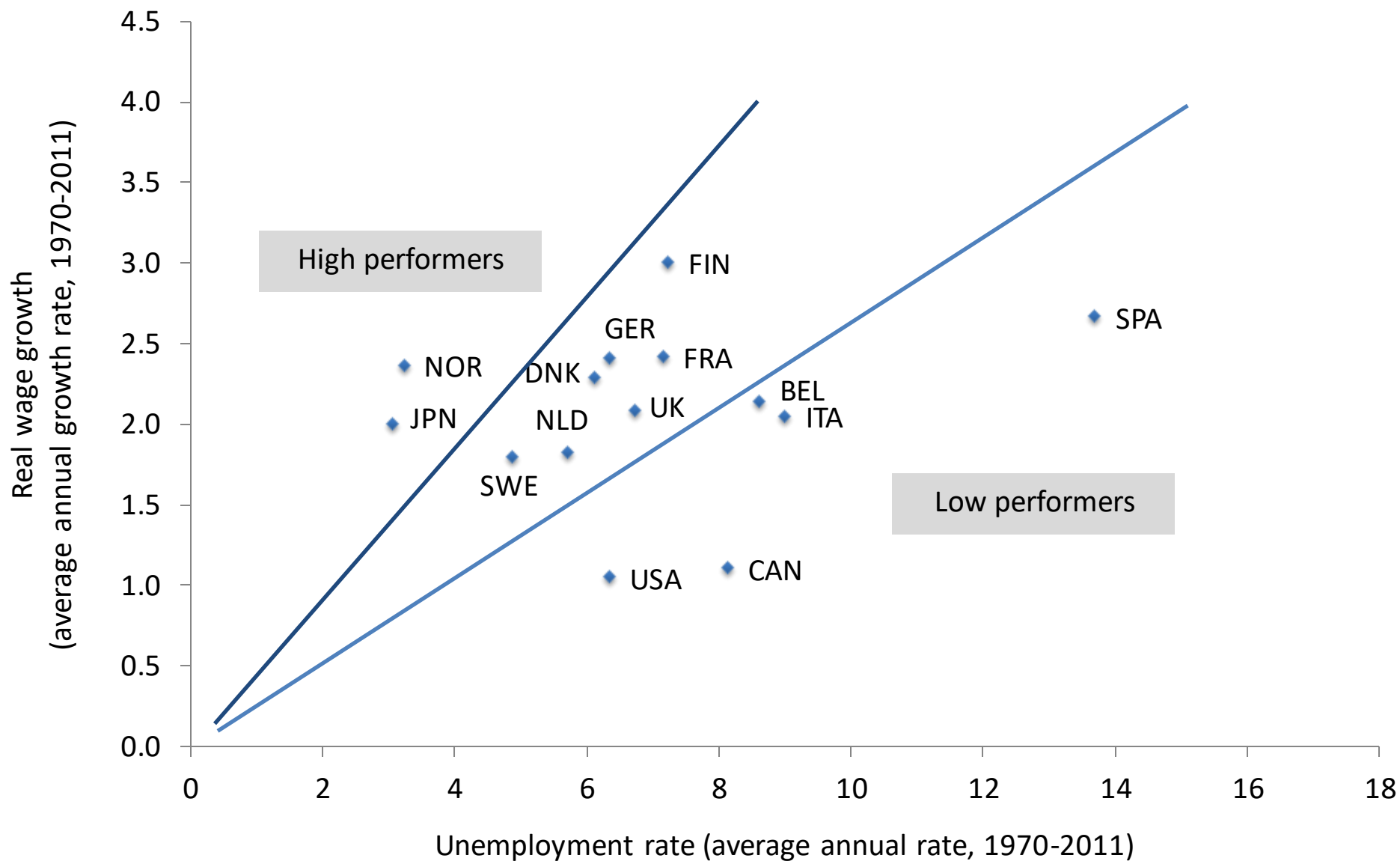


Figure 16.13. Unemployment rates of stars and laggards (1960-2014).

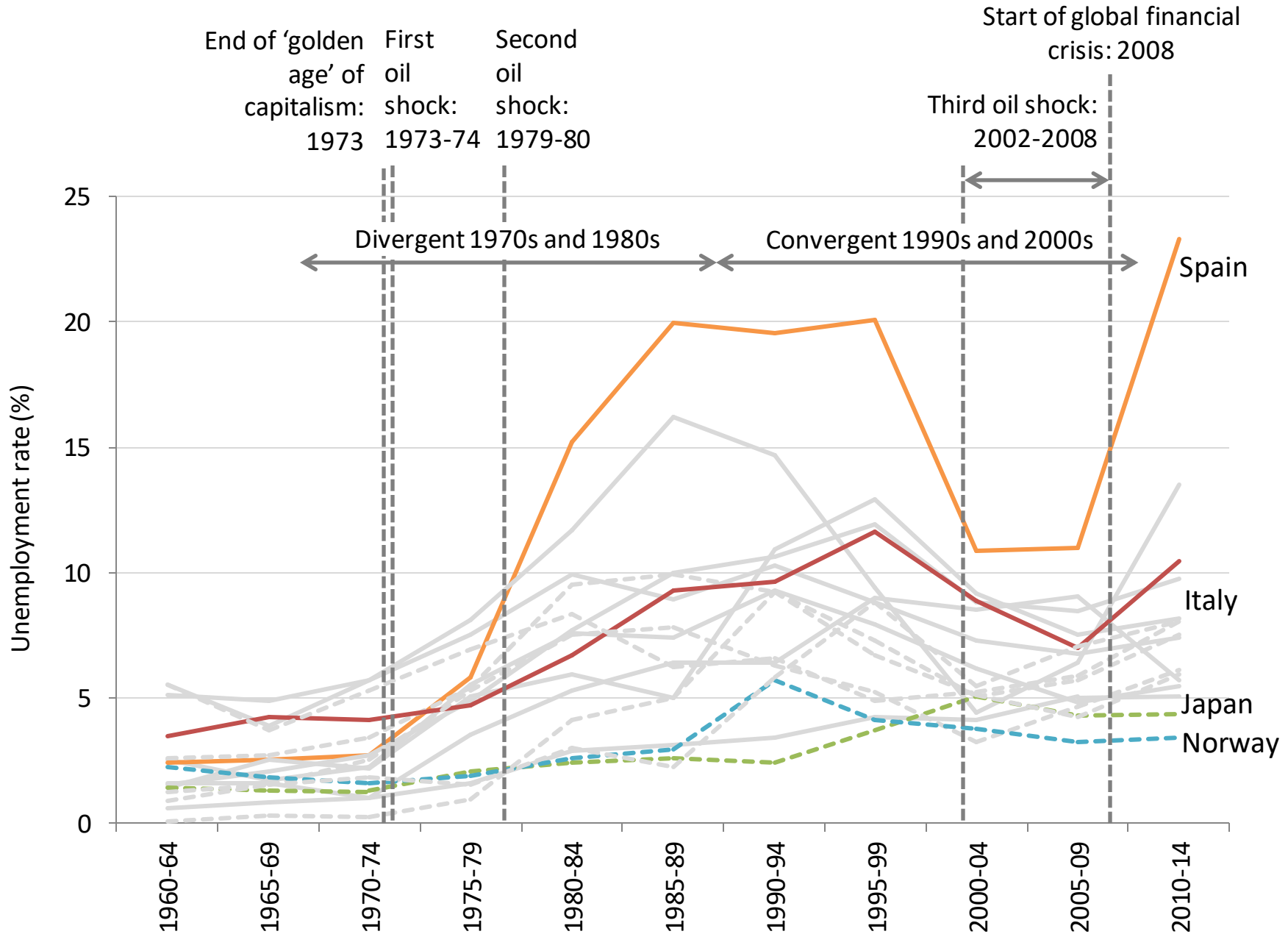


Figure 16.17. Different ways of pushing down the wage curve: The Netherlands and the UK.

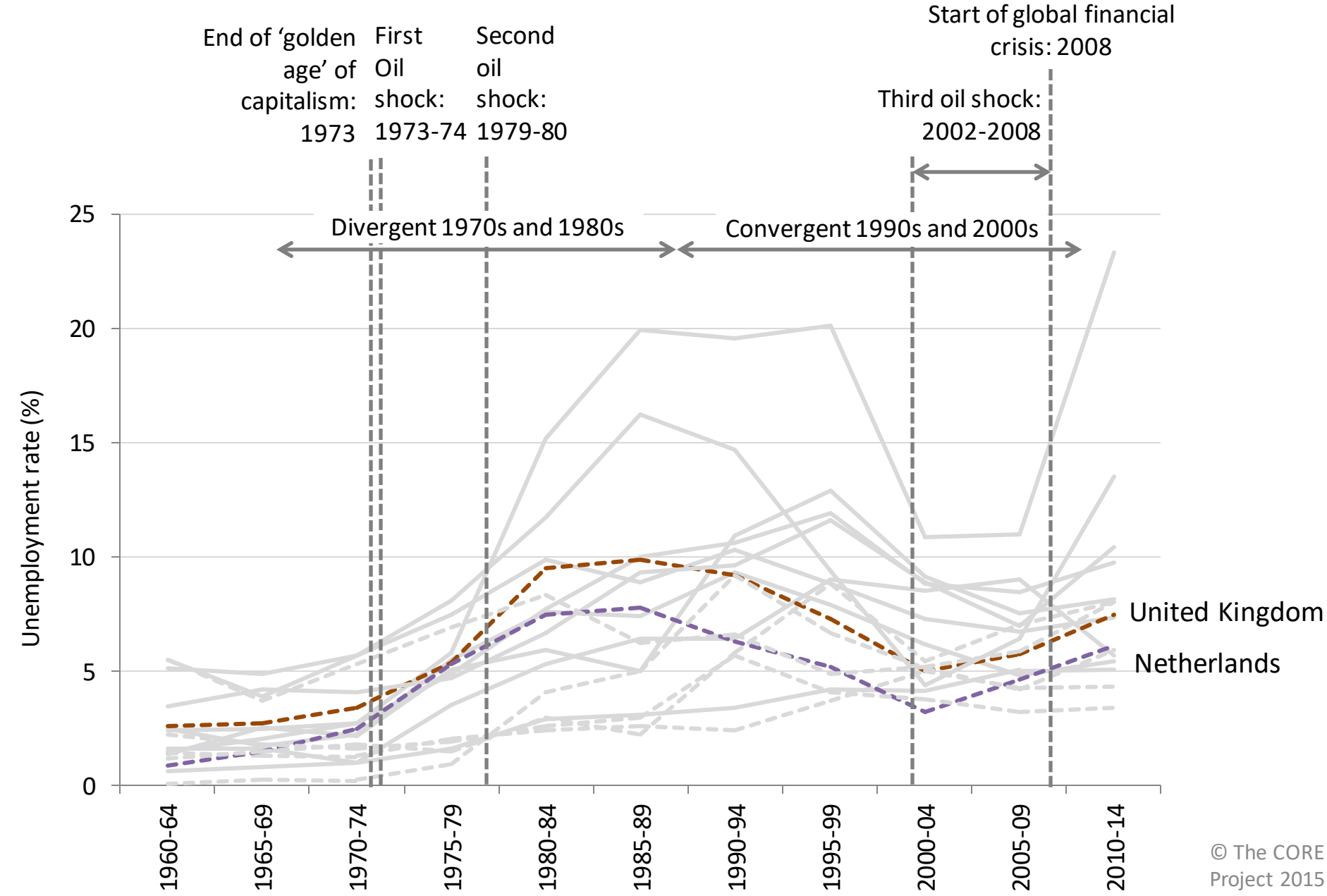


Figure 16.18. The rise and fall of the share of employment in industry (1870-2013).

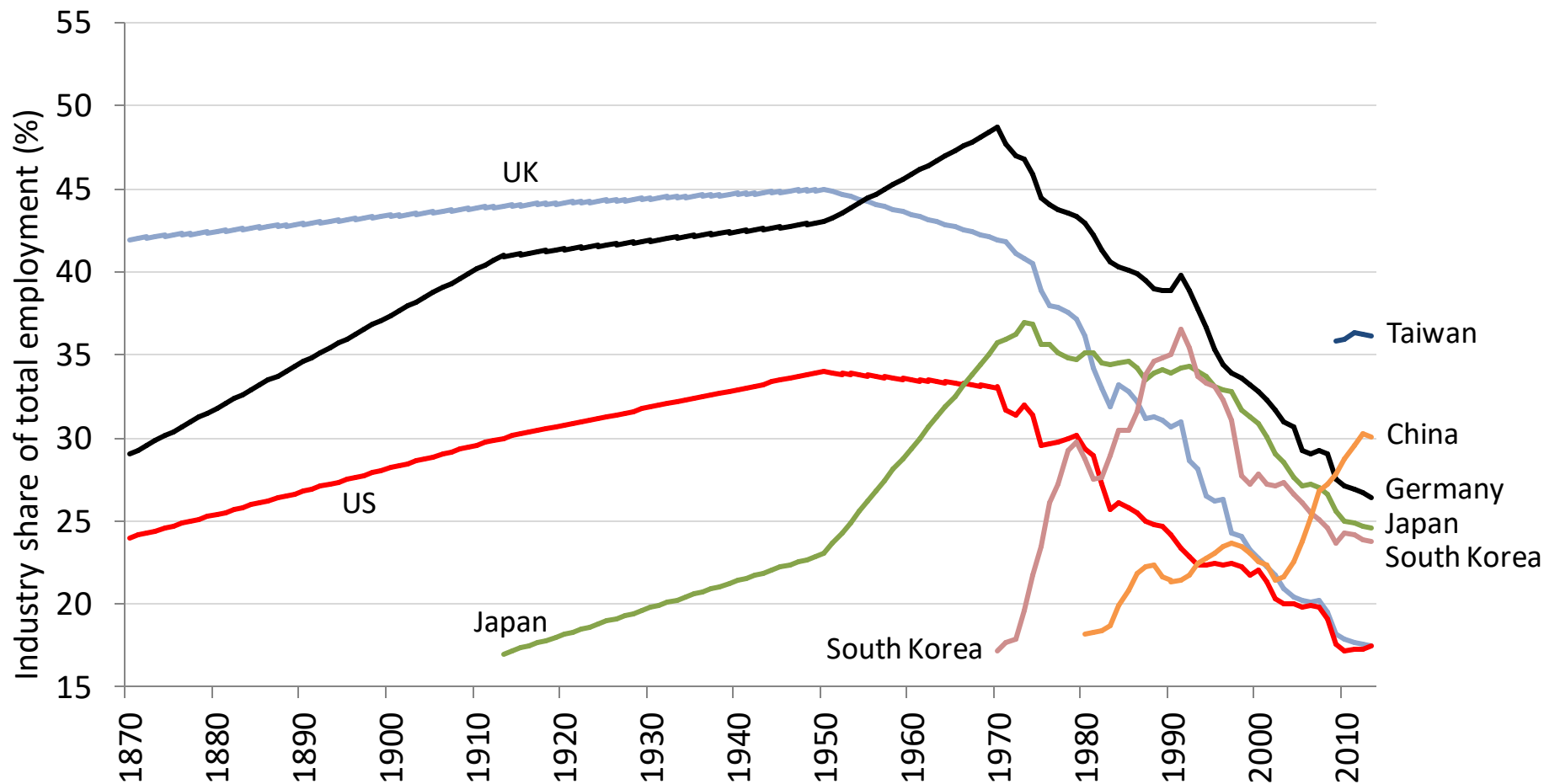


Figure 16.19. Increased productivity in goods production raises the fraction of workers in services.



Figure 16.20. Determinants of the unemployment rate and the growth rate of real wages in the long run.

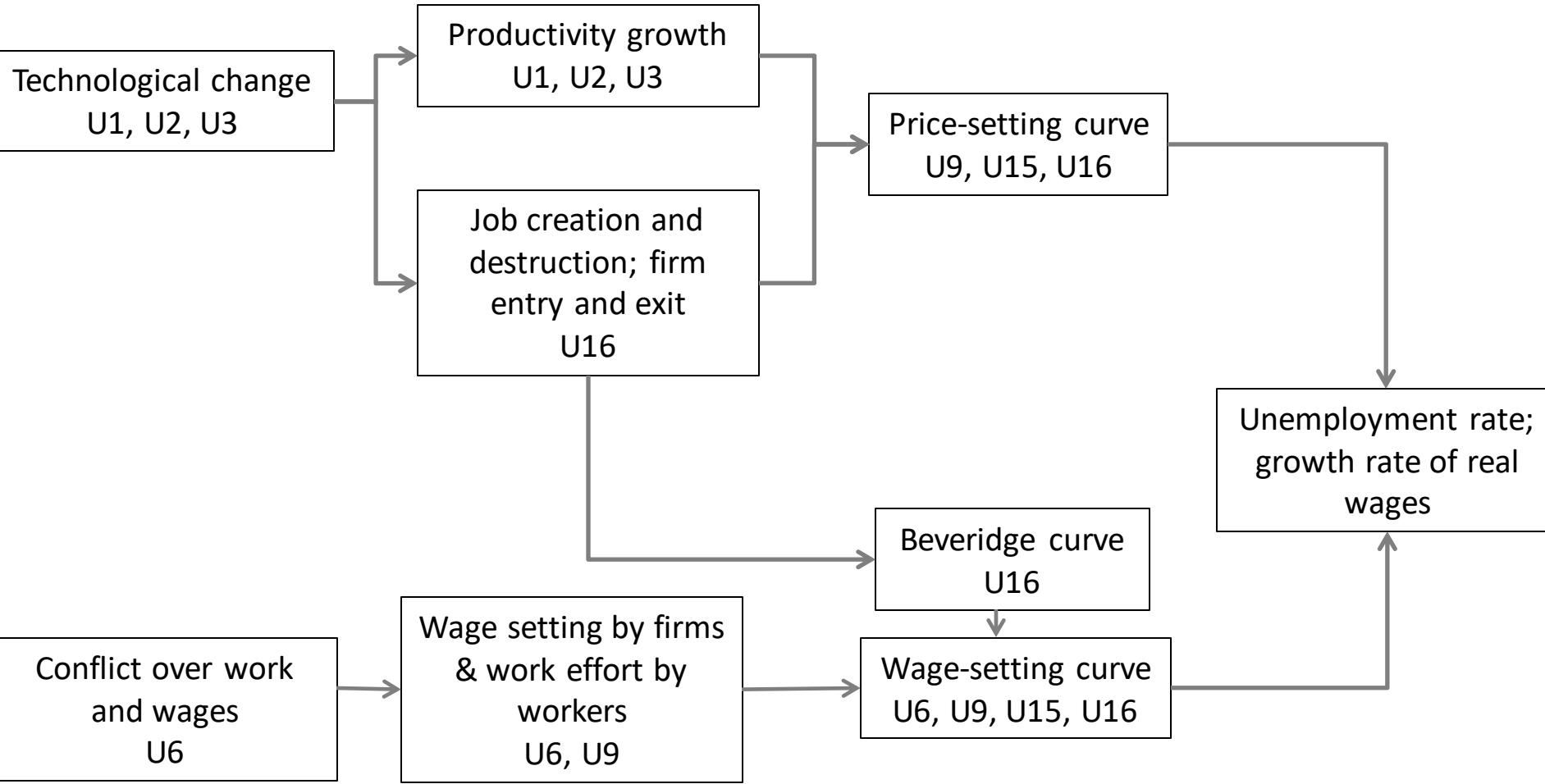


Figure 16.21. The institutions, policies, and shocks that can influence unemployment and real wages.

