

The Media is the Measure:
Documenting the relationship between
technical change and employment, 1909-49

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Abstract: Difficulties in sorting out the empirical relationship between technical change and employment is attributable, at least in part, to the shortcomings associated with traditional measures of the former. In this paper, we use new indicators of technical change that we believe resolve many issues associated with other methods of identifying technology shocks, and use them to explore the impact of technical change on employment from 1909-49. The payoff to this effort is substantial for at least two reasons. First, it sheds light on both the Real Business Cycle model vs. New Keynesian model debate and more generally, on the role technology shocks play in cyclical fluctuations; second, and related, it helps clarify the part played by the New Deal Policies in the recovery from the Great Depression.

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