

**Abstract**

This paper examines three empirical phenomena that have recently been discussed in the literature: job polarization, deindustrialization and Baumol's cost disease. Although assumed to be driven by the same process of recent technological change, each of these phenomena is explained differently by existing models and empirical analyses. Building on the existing literature, this paper therefore presents a unifying framework to derive critical assumptions that are consistent with all three stylized facts. Moreover, the paper presents empirical evidence for the US and 12 European countries in support of the hypothesis that job polarization, deindustrialization and Baumol's cost disease are intrinsically related phenomena following from ongoing technological progress.