

Labor Substitution in U.S. Manufacturing

by

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(Abstract)

This paper presents a translog model designed to estimate the elasticity of substitution between capital, non-production workers, and production workers using U.S. manufacturing data for the period 1988 to 1997. The elasticity of substitution estimates derived from the translog model suggest that production workers and capital are substitutes, as well as non-production and production workers. Although the estimates do not provide conclusive evidence regarding the degree of substitutability between non-production workers and capital, they do indicate that the degree of substitutability between production workers and capital is greater than it is between non-production workers and capital.