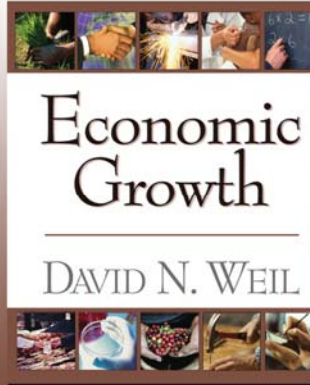


# Chapter 10

## Efficiency



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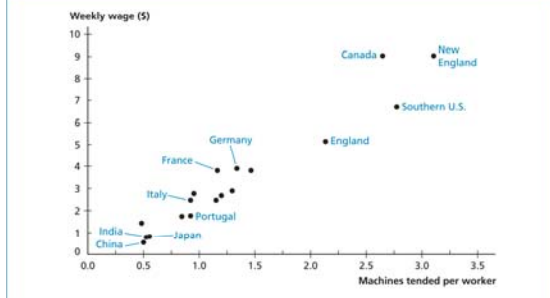
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**FIGURE 10.1**  
Wages and Machines in the Textile Industry, 1910



Source: Clark (1987).

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**FIGURE 10.2**  
U.S. Subsurface Coal Mining: Output, Price, and Output per Worker-Hour, 1949–1994



Source: Parente and Prescott (2000).

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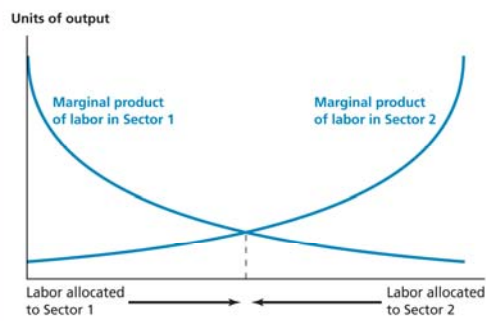
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**FIGURE 10.3**  
Efficient Allocation of Labor Between Sectors



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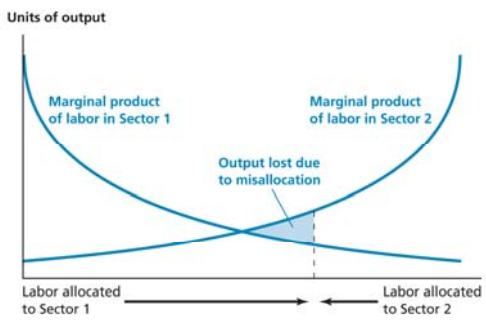
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**FIGURE 10.4**  
Overallocation of Labor to Sector 1



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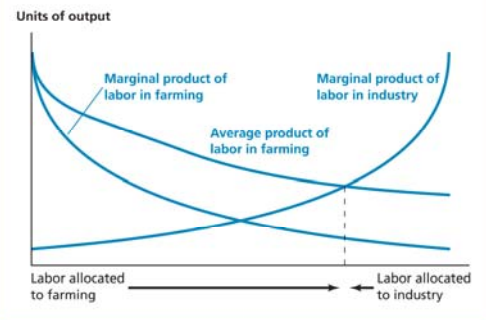
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**FIGURE 10.5**  
Overallocation of Labor to Farming When Farmworkers Are Paid Their Average Product



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**TABLE 10.1**  
**Decomposition of Productivity Gap Between India and the United States**

Years India Lags United States in Technology (G)	Level of Technology in India Relative to United States (T)	Level of Efficiency in India Relative to United States (E)
10	0.92	0.38
20	0.85	0.41
30	0.79	0.45
40	0.72	0.48
50	0.67	0.52
75	0.55	0.64
100	0.45	0.78

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**TABLE 10.2**  
**Productivity in Selected Industries in the Early 1990s**

	United States	Japan	Germany
Automobiles	100	127	84
Steel	100	110	100
Food Processing	100	42	84
Telecommunications	100	51	42
Aggregate Productivity	100	67	89

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