'Technology versus jobs' is a swindler's hoax

by Lyndon H. LaRouche, Jr., Contributing Editor

Each day President Jimmy Carter remains in office, the worldwide crime rate seems to continue spiraling upward. Hardly had proper authorities stopped David Rockefeller's scheme for peddling phony SDR-money, than we are besieged by a new confidence-man's swindle. Now, there is a gang of scoundrels peddling once again the old fraud, "technology destroys jobs."

One would have thought that this hoax had gone into the history books, along with the bit about selling the Brooklyn Bridge to New York City visitors fresh off the cattle boat. In a world which would consider giving Jimmy Carter the 1980 Democratic Party nomination, any degree of stupidity is clearly possible. Under such circumstances, there must certainly be a significant number of persons dumb enough to be taken by the threadbare "technology destroys jobs" swindle.

So, it is time to dust off the old public-service announcement warnings again, "Mothers, please don't let Junior swallow the contents of the iodine bottle. And, mothers, please remind your husband not to bet his paycheck on the swindle which begins: 'technology destroys jobs.' "

The perpetrators

Investigation shows that the swindlers peddling the "technology destroys jobs" hoax most frequently use one of three disguises. Some use the old favorite, passing themselves off as a militant labor-union official. Others prefer tiptoeing, while holding a Jesuitical index finger against the upper lip—the familiar "college professor" or "economic expert" disguise. In approaching the sort of sucker who will believe almost anything, the lowest grade of confidence man pushing this swindle passes himself off as a "newspaper columnist."

One should not be disarmed by the carnivalman-like picaresque roguishness of these swindlers. This is no W.C. Fields comedy. The work of these swindlers is evil, almost as evil as the thugs who push drugs to children or the "drug decriminalizers" who do their public relations work.

At the moment, the principal target of these evil swindlers appears to be the labor-union membership of Western continental Europe. A glance at Britain, Canada, or the United States' economy ought to be sufficient to reveal the malignant purpose and cruel consequences of a population's being taken in by the hoax in question.

The citizens should notice that among all the capitalist and industrialized nations of North America, Western Europe, and Japan, all but three continue to experience modest but sustained rates of economic growth and relative prosperity. The three wretched exceptions are Great Britain, Canada, and the United States. As of April 1980, the U.S. economy was experiencing a plunge of 18 percent per year in real economic terms, as compared with a current 3 percent rate of growth for France, and higher for the Federal Republic of Germany and for Japan. The British economy leads the way in the downward plunge, but Carter's United States is well on the way to overtaking Sir Keith Joseph's British pile of rotting industrial wreckage.

Curiously enough, what leading British and U.S. circles object to in this arrangement is not the decline of the British, Canadian and U.S. economies. They are enraged at Japan, Ireland, and continental Europe for refusing to collapse as President Carter demands. That is the motive behind the present peddling of the "technology destroys jobs" hoax in Europe.

The United Auto Workers, for example

European members of the International Metalworkers Federation should look closely at the current condition of a leading U.S. member of that association, the United Auto Workers—now suffering a recent loss of an estimated quarter-million jobs, and the layoffs are still continuing to increase.

Recently, officials of the UAW in Detroit purchased some secondhand automobiles of Japanese manufacture. These vehicles they situated outside plant gates of automobile factories, offering workers coming to work an opportunity to take a few swings at the vehicle with a sledgehammer, free of charge. The point was to indoctrinate workers facing unemployment with the evil, false dogma that the recent abrupt collapse of the U.S. auto industry was solely the result of the activities of Japan and West Germany. In this case, the emphasis was directed against Japan.

There is no doubt that Japan's automobile exports have been taking a consistently larger percentage of the domestic retail automobile sales market. However, it is worse than a lie to blame Japan's automakers for the recent collapse of the U.S. retail automobile market. It is an evil, chauvinistic lie, directed against a U.S. ally. It is the same sort of chauvinism directed otherwise against both West Germany and Japan.

The immediate cause for the collapse of nearly all categories of manufacturing, mining, construction, and transportation in the United States is the series of austerity measures which the Carter administration and the Federal Reserve System Board of Governors put into operation last October. It happens that the United Auto Workers leadership is committed to the nomination of President Jimmy Carter. Therefore, instead of attacking Carter, the real cause of unemployment, the UAW leaders diverted auto workers' anger into a lynch-mood of symbolic murder of the United States' ally Japan.

Apart from the triggering of the present U.S. slide into depression by Carter and Federal Reserve Chairman Paul A. Volcker, the deeper, structural causes for the collapse-potential of the U.S. auto industry is a combination of the Carter administration's so-called energy policy and a long trend of deemphasis on capital-intensive productive investment in auto, steel, and a host of other basic U.S. industries.

It is true that the United States government will probably have to negotiate a new round of trade agreements with its Japanese and Western European partners, a cautious use of new quotas for the purpose of helping industries such as auto and steel through a massive retooling of basic productive capital. However, the fact that such new arrangements may be needed now has nothing directly to do with the past causes of the present mess in the U.S. economy.

The principal responsibility for the mess lies with government and with the collection of major financiers controlling the Federal Reserve System. Since most U.S. industry has been reduced to little more than a collection of captive tax- and debt-service farms for Manhattan-centered rentier-financier interests, the mismanagement of auto and steel firms is not so much a reflection of incompetence of the industrial-management side of such firms, but a reflection of the policies which the Manhattan-centered rentier-financier interests have imposed upon their captive industrial holdings.

To the best of our knowledge, neither President Carter nor Paul Volcker has the least drop of Japanese blood. The UAW's sledgehammering of Japan-made cars is simply an evil way of keeping political doors open between the UAW leadership and the hopeful Mr. Carter.

The longer view

Over the first postwar decade, the percentile of the U.S. labor force employed in directly producing tangible wealth ranged between 63 percent and 55 percent. After the 1957-58 recession, there was an acceleration in the rate of decline of the percentile of the U.S. labor force productively employed. Currently, if true figures are used to measure the total U.S. labor force, the portion productively employed is currently dropping to about one-third of the total.

Since U.S.—and most European—universities no longer offer training in economics, a bit of summary review of the significance of the cited data is necessary. (What the universities teach under the false label of "economics" is not economics at all, but a branch of mere financial accounting most commonly labeled "monetarism.")

Only the portion of employment dedicated to the production of output of useful, tangible wealth represents the actual production (output) of wealth. The productive component of the labor force includes farmers plus industrial operatives in manufacturing, mining, construction, energy production, and transportation. This covers the entirety of the production and essential transport of the physical wealth produced by an economy.

The other categories of employment (and unemployment) are aggregated as either waste, administration, or services. Although public and private administration and services, such as health services and teaching, may be categorically necessary for the population and economy, the economic benefits of administration and services are mediated through the productivity of the labor force. So, to count payments for administration and services as wealth produced would be double-counting of the productive output whose productivity incorporates the contributions of useful administration and services.

The combined waste, administration, and services of an economy are paid out of the national gross profit earned through production of useful forms of tangible wealth. This point is readily demonstrated by constructing the sort of input-output table which traces the consumption of tangible output by both productive and non-productive forms of employment-related activity centers. The margin of net profit remaining after deducting waste, administration, and services from gross profit is the margin available for growth of the economy in terms of combined expansion of scale and increase of capital-intensity.

Hence, the standard national income accounting procedures associated with gross domestic product statistics represent the wildest sort of incompetence in reporting and national economic policy-making practices. A report which premises a showing of economic growth on gross domestic product figures is intrinsically incompetent.

Not only has the postwar U.S. economy increased its ratio of nonproductive overhead costs and expenses, (waste, administration, services), but the increase of productivity of productive labor has not even approximately kept pace with the rate of increase of the overhead costs per productive worker. The substantial increases in productivity experienced during the early 1960s were swallowed up by an acceleration in growth of employment in categories of waste, administration, and services.

It happens that the correlative of increases of productivity is capital-intensity of investment in productive capacity. This capital-intensity is best measured by the rate of current true depreciation of productive capacity per productive operative. This calculation must reflect the fact that the rate at which capital investment truly depreciates describes an exponentially declining time-scale, such that the largest chunk of depreciation of an investment occurs in the earliest period of the investment. Hence, substantial increases in the average age of productive capital investments mean corresponding levels of relative economic productivity-obsolescence.

A McGraw-Hill survey conducted in the late 1950s showed a dangerous obsolescence in productive capital stocks then. Except for the NASA-centered high-technology investments, and their contributions, effected chiefly during the first six years of the 1960s, the obsolescence of basic U.S. industry has been growing almost consistently since 1966-67, and has worsened overall since 1957-58.

Since 1972-74, as labor-intensive employment has been substituted marginally but increasingly, for energy-intensive (capital-intensive) employment, the rate of increase of productivity has fallen below zero—the productivity of the U.S. economy is dropping at an accelerating rate. Unless drastic action is taken to effect forced-draft capital-intensive industrial investment beginning in January 1981, and unless at least a 3 percent rate of real economic growth is introduced to the economy during 1981 as a result of such measures, the economy will reach a point of no return, at which point economic recovery in the conventional sense will have become virtually impossible.

"Post-industrial society"

There was nothing "objective" in the causes for the pattern of U.S. economic decay we have just summarily described. Following the 1957-58 recession, there was launched immediately an energetic effort to impose a "post-industrial society" policy. It was at this time that James R. Schlesinger, for example, first publicly presented himself as a dedicated "neo-Malthusian."

The fight over this policy issue centered around NASA, and was reflected in a most important way into the transatlantic sociological experiment of that period known as the "New Left" project. The leading expression of this effort at brainwashing youth toward the rock-drug counterculture and the "environmentalist" insurgency launched in 1969 was the "Triple Revolution" dogma issued by Bertrand Russell accomplice Robert M. Hutchins, and the correlated dogma issued during the same period by Russellite André Gorz (Michel Bosquet) of France.

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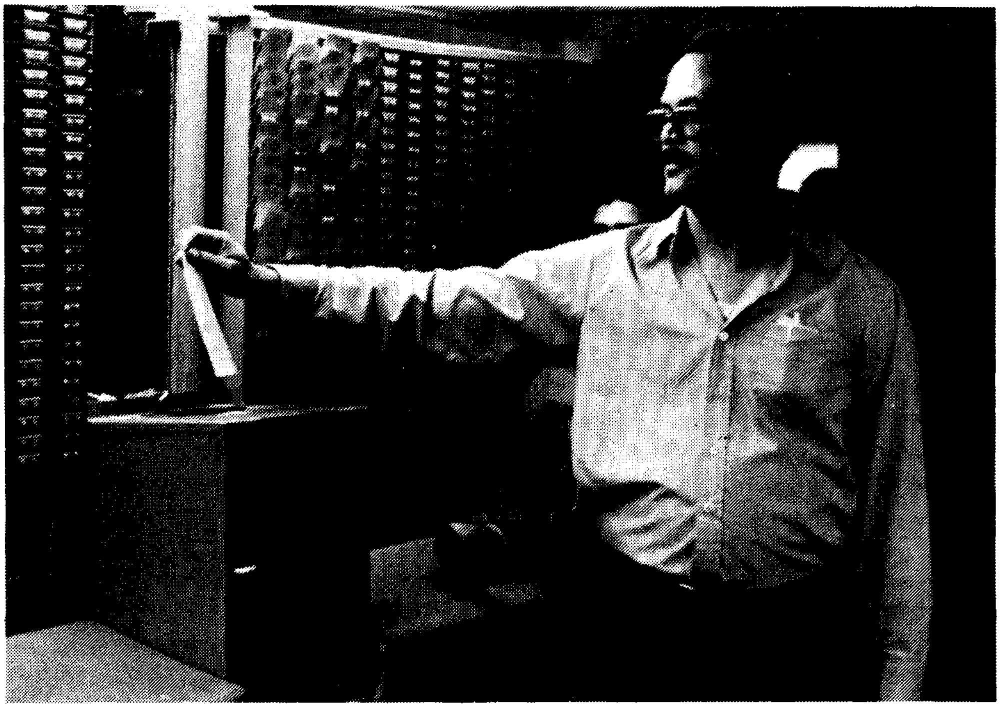
The leading point to be emphasized is that Jean-Baptiste Colbert, his protégé Gottfried Wilhelm Leibniz, and their heirs of the Ecole Polytechnique and turn-of-the-19th-century Göttingen rightly insisted that there was no line of separation between basic scientific research and technology, and no line of separation between those interconnected two and the development of a national economy. This point of view was also expressed in the founding doctrine of the American system of industrial capitalism, Treasury Secretary Alexander Hamilton's 1791 Report to the U.S. Congress "On the Subject of Manufactures."

As Hamilton proved afresh in that document, the sole source of all wealth of societies is not "natural resources," the "average labor-time of production," or any of the other superstitious nonsense peddled by Physiocrats, monetarists, and Marxists. The sole source of the wealth of societies is advances in the productive powers of labor.

What is viewed as a relatively finite "natural resource" is nothing but a misleading echo of the fact that any level of technology defines only certain aspects of man-altered nature as economical sorts of primitive resources. If mankind were to halt technological progress, then, indeed, such ostensible forms of relatively finite economical resources would tend to be depleted. Societies which survive overcome such apparent "limited resources" by technological breakthroughs which define in a sweeping way what constitutes economical forms of primitive resources.



Punching out at Ford Motors' Mahwah, New Jersey plant for the last time.

Carlos Wesley/NSIPS

Therefore, no "raw material" could represent the measure of wealth, nor could simple labor-time of production represent in itself a source of wealth. It is only the qualitative transformation of the productive powers of labor that enables a society's labor force to produce at least as much wealth as is required to maintain both that population and any existing mode of production.

These advances in the productive powers of labor correlate with a three-phase increase in the amount of energy consumed per person. Without this three-phase increase in consumption of energy, a society is doomed to collapse, a civilization is doomed to die.

The first facet of the required increase in energy consumption is an increase in total energy throughput per capita.

The second facet of the required increase in energy consumption is an increase in the energy flux density (the analogue of an increase in the temperature level of energy production).

The third facet of the required increase in energy consumption is a rise in the ratio of "free energy" to "total energy."

The three-faceted increase in energy consumption is not merely a matter of increase from one level to a higher level. The ratio of free energy to total energy must be increasing in correlation with increases in both the energy-throughput and energy flux density. This continuing increase in the free energy ratio is properly defined as negentropy.

The neo-Malthusians prevailed decisively in 1967, as the British Psychological Warfare Executive, centered in the London Tavistock Institute, exerted its influence through both captive elements of the U.S. intelligence-establishment institutions, and through such captive agencies of the United Nations Organization as UNESCO, UNITAR and UNCTAD, as well as the Club of Rome cult. The past decade's accelerating decline of the U.S. economy is the direct consequence of this influence.

Four arguments have been used most prominently to promote the accelerating industrial collapse of the U.S.

The first, as represented prominently in the "Triple Revolution" hoax, is the argument that "technology destroys jobs." This was used to justify the willful shift away from productive employment toward a "services community." This is the same recipe now being vigorously promoted in Europe, as part of the effort to induce European governments to bring their economies into the condition of rotting wreckage displayed by the British and U.S. economies today.

The second argument was the fraud that "technology pollutes." On the contrary, it is backwardness and obsolescence which pollute, and only advances in technology which enable us to clean up garbage economically. The extension of this fraudulent argument against nuclear energy production has been the single greatest cause for the decline of the Western capitalist economies. The same policy, proposing to impose "environmental controls" investments on obsolete plants, rather than investing in modern, less-polluting productive capacity, has been the second principal cause for the accelerating decline of the U.S. economy.

The third argument has been the feudalist, anti-technology cult dogma "small is beautiful," the present rallying cry of drugged hordes of countercultural "freaks" focusing the forces of "citizens' initiatives" against one branch of "big business" after another.

The fourth argument, which has become prominent more recently than the other three, is the nonsense-dogma which asserts that economic growth can be sustained without increasing energy consumption. Any industrial economy which adopts that delusion has elected to commit national economic suicide.

Against this background, we must recognize that the spread of the "technology destroys jobs" cult dogma in Europe today is nothing but a propaganda effort dedicated to bringing France, Germany, et al. into the same state of rotting wreckage presently characteristic of Britain.

Basic economics

It is astonishing that even in France and Germany one finds otherwise well-informed circles sharing Karl Marx's delusion that the British discovered and developed "political economy." This delusion is aided by the fact that the 17th- and 18th-century French and German authors of scientific political economy did not generally employ the term "political economy" as the British did, and as modern universities use the term in teaching the sort of incompetent mishmash listed as "economics" in their catalogues. In Germany, for example, the 18th-century term for scientific economics was "cameralism."

This negentropy, associated with the increase of the ratio of total energy used to raise man above the ox-like dependence upon muscle-labor, is focused upon production through what Hamilton terms "artificial labor," or in modern usage, productive capital.

This increase of the ratio of "artificial labor" to muscle-exertion correlates with both a rise in the capital-intensity of production, and with the incorporation of basic scientific advances in such increasing capital-intensity.

If the rate of advancement of energy-consumption and technology is sufficient, technological progress so increases the productivity of labor that real wages and reinvestible-profit rates increase simultaneously. The rate of reinvestible profits produced determines the rate of employment in terms of the average capital-intensity of the state-of-the-art productive technologies available for investment.

Thus, it is the rate of investment in advanced productive technologies which determines the potential rate of total productive employment. Any contrary view of the matter is clearly a cultish form of absurdity.

How then, is an otherwise sensible citizen, such as a member of a labor union, ever hoodwinked into accepting the delusion that "technology destroys jobs"?

The duped citizen retorts angrily. He "knows" many cases in which the introduction of "labor-saving" new technology caused a reduction in the number of productive operatives required to produce previous levels of total output. "See," he thumps the table angrily, "technology does destroy jobs."

Mobility or unemployment

The duped citizen has ignored the difference between shifts in productive employment from a former position to a new one, and reduction in *total* productive employment. He has confused a true statement, that technology forces changes of employment, with a false statement, that technology causes a reduction of total employment.

In fact, a lack of introduction of new technology directly causes a reduction in total employment, by contracting the scale of production relative to the growth of the total population.

The key points are these.

Under conditions of relatively fixed technology, the most economical "raw materials" sources are depleted, forcing increased emphasis on less economical resources. This adds to the cost of production, lowering the rate of profit, and thus lowering the rate at which productive workplaces are created. To maintain rates of profits, then, marginal production is closed down, causing an absolute reduction in productive employment.

Under conditions of relatively high rates of profitability of production, employment rates decline only if credit is either too highly priced, or if credit is simply not available to promote investment of surplus product and productive capacity into expansion of productive workplaces.

Under conditions of high rates of technological progress, combined with "dirigist" credit policies, there is a relatively high rate of job-changing, but also a high rate of growth of total productive employment. Moreover, if the rate of technological improvement is sufficiently high, the average real wage of the total productive labor force will increase at significant rates.

So, to repeat the key point: one must distinguish between the rate of change of total number of productive workplaces filled and the rate at which members of the labor force are changing employment under conditions of high rates of technological change. A high rate of job mobility is not a rate of loss of total number of jobs.

However, if trade unions are foolish enough to oppose technological progress under the delusion that technology reduces the number of jobs available, then stagnation and depression will soon enough destroy increasing proportions of the total number of productive workplaces filled.