The wrecking of the U.S. industrial workforce

by Kathy Wolfe

President Ronald Reagan late last month, prompted by his criminal economic advisers Donald Regan and Fed chairman Paul Volcker, told the press that the "economic recovery is creating hundreds of thousands of jobs a month," which 350,000 unemployed workers, just cut from the unemployment benefit rolls by a $3 billion federal assistance budget cut, should take. This is worse than a lie. In fact, the recovery hoax has allowed Regan and Volcker to gull the President into continuing Jimmy Carter's plan for the most severe reduction of jobs, wages, and living standards inflicted upon an advanced industrial workforce since Adolf Hitler's Germany.

The decimation of the productive powers of America's labor force by the current depression, especially of our once-advanced and once-skilled industrial workforce, is no liberal's tearjerker "issue," to be used against the President and his defense buildup. It is rather a grave national security threat to the United States, to our ability to run a war mobilization, or indeed any kind of producive economic mobilization at all.

At the moment, the U.S. workforce is good for little more than borrowing money to buy and sell imported goods. Even the most casual comparison of U.S. industrial workforce potential to that of the Soviet Union, for example, makes the point of the security threat.

By 1972, the Soviet Union, still a relatively agrarian country, had pushed its industrial workforce to 47.4 million, nearly twice that of America at 26.8 million. (The Soviet Union's total population of some 306 million is only 20% larger than ours of 250 million.)

Worse, the Soviets' ratio of industrial workers to total workers in the economy, which in an advanced industrial economy should be 55% or more, had grown to 38%, surpassing that of the United States, which had fallen from 34% in 1950 to 30% by 1972.

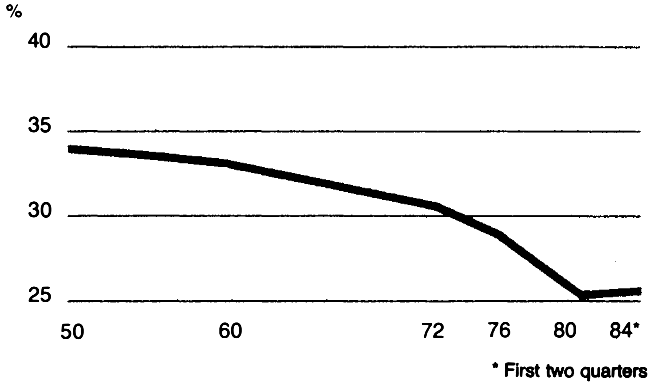
We are not just talking about historical trends. The U.S. industrial workforce has continued to decline during 1984 and 1985, despite claims of a falling unemployment rate by the Federal Reserve. During the Volcker recovery, the Soviet Union became the only real industrial power on the map, and the United States has lost the race for labor power. The U.S. industrial workforce, which grew to a puny high of 30.3 million in 1980, fell back to 29 million in early 1985, while the Soviet industrial workforce surged ahead to over 65 million.

The United States' percent of industrial workers to total workforce declined to 25.8% (see **Figure 1**), while the Soviet's percentile reached 45% or more, edging closer to full industrialization potential.

In productive industry after industry, the actual employ-

Figure 1.

General industrial workers drop sharply as a percent of total labor force



ment numbers have fallen absolutely, straight through the Volcker recovery. By 1983 the steel industry had only recovered 5% of the jobs it had lost by 1982, and during the "height" of the recovery, in 1984, employment in steel in the United States actually declined by over 30,000 jobs. Similarly, the so-called recovery in U.S. auto employment, from 660,000 autoworkers in the 1982 trough to 875,000 at the end of December, 1984, did not even approach the 1.1 million employment levels of 1980.

In fact, unemployment in the United States is not the 8.4 million estimated by the Reagan administration, but at least 22-24 million persons either fully unemployed or woefully underemployed. Despite Volcker's lies, industrial employment in the United States, even according to official figures of the Department of Labor, is still a full one million below the 1980 highpoint of 30.3 million, down at 29.2 million, barely more than the number completely unemployed!

Furthermore, of the 29.2 million industrial workers still employed, data from an unpublished Labor Department study exposed for the first time here, indicate that as many as 10 million, almost one-third, lost their jobs at one point since 1978 and were "displaced," recycled to lower-skilled jobs at cheaper wages.

Figure 2A.

U.S. output per member of labor force dropped by more than half

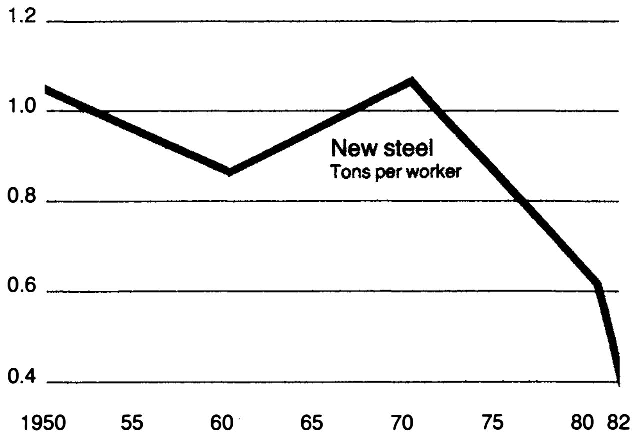
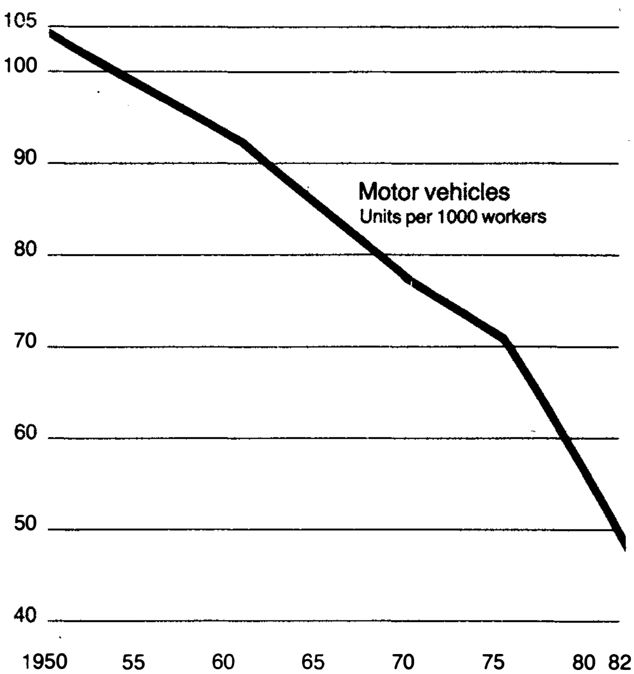


Figure 2B.



The post-industrial post-recovery

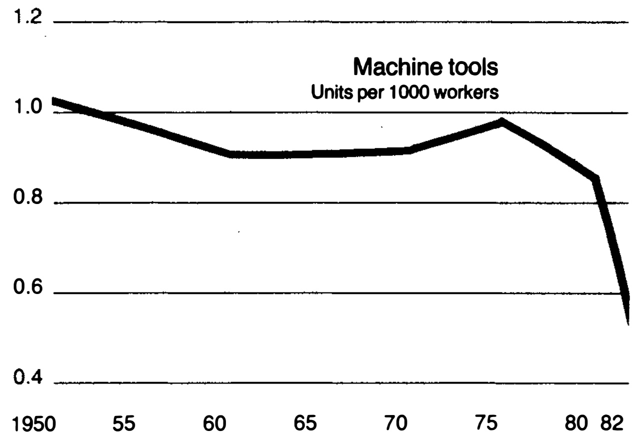
The most basic indicator of whether any economy is functioning correctly, as economist Lyndon H. LaRouche Jr, editor of the *EIR Quarterly Report,* has pointed out repeatedly, is the percentage of the workforce engaged in goods production. At minimum, 55% of the workforce should be producing goods for the rest of the population.

By these standards, the *United States has fewer than half the industrial workers it needs,* with only 25% of the workforce engaged in production. The truth is that *the United States has become a "post-industrial" economy, an economy which no longer produces what it consumes.* This can be clearly seen in **Figure 2,** which shows the output of new steel, machine tools, and motor vehicles produced in the United States per member of the labor force during the entire post-war period. Each worker who brings in a paycheck, simply put, is outputting fewer and fewer real goods.

This means that the costs of producing one ton of steel, one machine tool, and so on, throughout the entire U.S. economy, are being multipled massively by the dollar amounts needed to pay all the non-producing workforce.

It also means that the entire country is living off imported goods from the rest of the world, which America has lost the

Figure 2C.

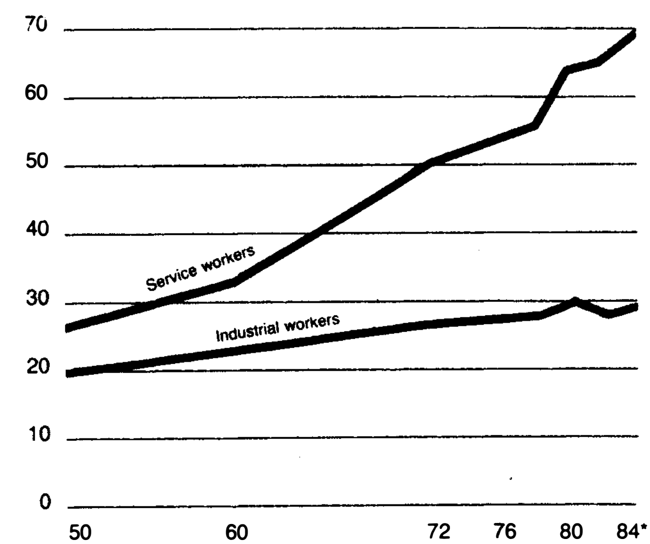


ability to produce. If present trends continue America will be a "post-recovery" society—one beyond recovery.

True, the economy is adding "service jobs," which have grown steadily throughout the Volcker depression of the past five years, from 50 million in 1972, and 64.8 million in 1980, to almost 70 million today (see **Figure 3**). But what kind of an economy is it when the industrial producers of goods are fewer than half the number of those who "service" them?

Figure 3.
Service jobs more than doubled, as industrial jobs stagnated

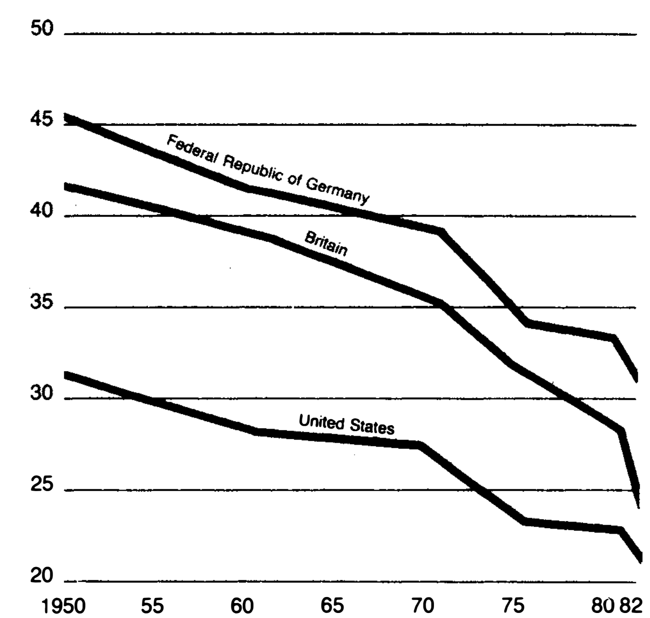
Millions of workers



* First two quarters

Figure 4.
Industrial operatives plummet as percent of labor force

%



The U.S. Department of Commerce released a study March 21 crowing about the fact that such "productive" service industries as casino gambling have caused a rise in employment and corporate earnings which "prove" the recovery exists!

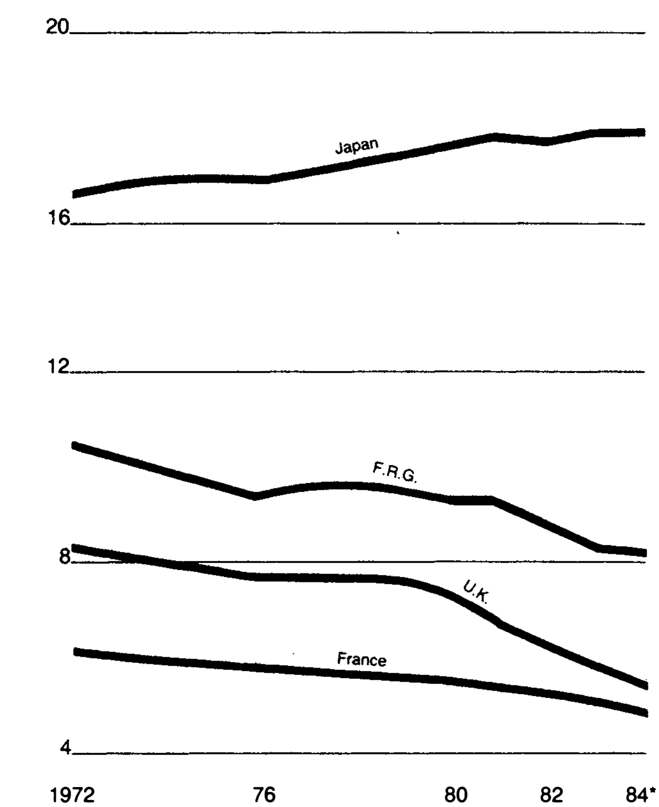
The Commerce Department's "Census of Service Industries" states that U.S. manufacturing employment, according to official figures, dropped 2% from 1977 to 1982, but never mind. Employment in the service industries grew 29%, and employment in retail sales grew 12%. . . . Gains ranged from a high of 548% in New Jersey, where the industry was stimulated by the legalization of gambling, to a low of 28% in Michigan," the industrial state where the economy has shut down.

The decline of the West

Furthermore, the entire industrial world is shutting down its goods-producing economies as well. The similar ratio of industrial workers to total workforce for the top six nations—the United States, Canada, Germany, France, Britain, and Italy—has plummeted from 36% in 1972 to 28% in 1985. Only Japan, of all the industrial nations, has held about 35%

Figure 5.
Western industrial workforce has declined (mining, manufacturing, utilities, construction)

Million workers



*First two quarters

of its workforce—still below what is required—in production.

Great Britain led the collapse of productive labor. Britain's percentage of industrial operatives, those actually engaged in production on the production line or in transportation, fell from 41.9% in 1950 to 25% in 1984. In West Germany, the fall was almost as severe, from 45.5% to 30%, and in France, the productive workforce fell from 40% to 30% roughly (see **Figure 4**).

In fact, the absolute decline in numbers of the industrial workforces in some of these countries is frightening (see **Figure 5**). France's industrial workforce has collapsed from 8.15 million workers in 1972, to 6.97 million in 1984. West Germany's has fallen from 12.519 million to 10.196, and Britain's from 10.34 million to 7.832 million.

Only Japan managed to add a million workers to its workforce during the same 1972-84 period.

Recycled workforce

Unemployment in the United States is bad enough, but even more horrifying is what has happened to the "survivors" of the 1979 Volcker depression, the "displaced workers" who were laid off and then reemployed, many only on a part-time basis and most of them on a lower skill level. Of the 29.2 million industrial workers still employed, *EIR* estimates that as many as *10 million, almost one third, lost their jobs at one point since 1978 and were recycled to lower-skilled jobs.* Perhaps 14 million of the workforce as a whole were recycled.

These workers, the current so-called productive U.S. workforce, have had their salaries reduced, manhours increased through moonlighting and overtime, and their skills thrown out the window.

Their families are being destroyed as they now attempt to bring home the same dollar wages by sending their wives and children out to work as well.

It is these families, "what still works" in the economy, the "success stories" of the Reagan recovery, which are the real Achilles heel of the U.S. labor force, because they give the illusion that the population is able to take care of itself by working harder. Rather, the working population is working itself to death.

The portion of the labor force employed *part time* to make ends meet is also rising astronomically, from 12.4 million in 1972 to 18.4 million in early 1985 (see **Figure 6**). Twenty percent of all non-farm workers in the United States today do not even have a full-time job. Compared to the industrial workforce of the United States, this is about 65% of the workforce (see **Figure 7**).

About half of them are women, and 75% of them are not earning "extra" money, but are supplying a second income in a family where the main bread-winner can no longer support the family. Of the total, 5.5 million are workers who really want a full-time job, euphemistically termed "part-

Figure 6.
Part-time workers increased

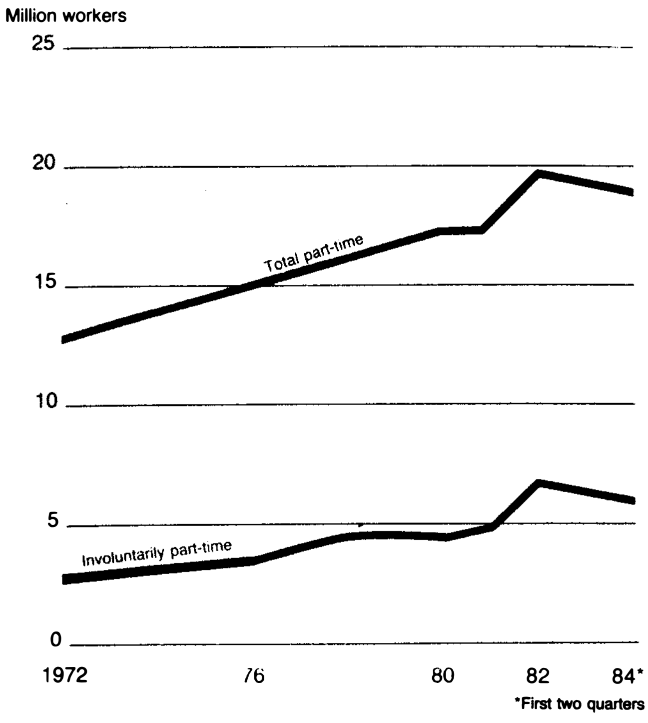
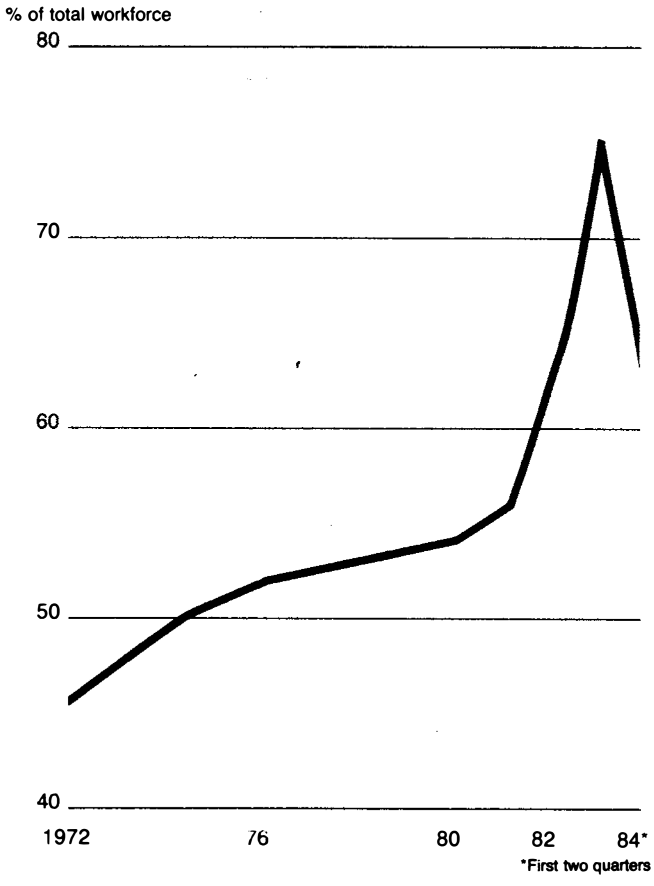


Figure 7.
Part-time workers soar to over half of U.S. industrial workforce



time for economic reasons" by the Bureau of Labor Statistics (BLS), that is to say, they may even be the main breadearners for their families and simply cannot find enough work at all.

'Displaced workers'

Worse are those now supposedly full-time employed, but at lower skill and wage levels, what the Department of Labor calls "displaced workers." According to an unpublished study by the BLS, exposed for the first time here, over 11.5 million workers lost their jobs between January 1979 and January 1984 due to the shutdown or relocation of their plants, elimination of a position or shift, or slack work. "Special Study on Displaced Workers," summary results of which were released in November 1984, showed that as of the one-time study date of Jan. 31, 1984, 7 million workers had been reemployed. However, approximately *1.8 million of them (25.8%) had only found part-time or self employment.*

EIR's real estimate of workers displaced during that five-year period is probably at least 20-23 million or perhaps twice as much as reported by the BLS, with about 12-14 million of these reemployed, of which 2.5-3.5 million are on only part time or self employment.

The BLS based its estimates on a census, but they lie about censuses, as well as about everything else. For example, according to BLS figures, total unemployment in January 1979 was .2 million and rose to a height of 11.9 million in December 1982, an increment of 5.7 million, which means their total turnover figure of 11.5 is roughly twice the highest increment of unemployment. In reality, real 1979 unemployment was some 13-14 million, and rose to 24 million. With that minimum real increment of 10 million, we would estimate total turnover at 20 million at least.

However, even the BLS figures (which can be mentally doubled for true accuracy as the reader goes along) provide a horrifying picture of employment, especially in heavy industry. Large percentages, nearly 50%, of the total workers displaced were in the heaviest manufacturing sectors, including 400,000 in machinery; 350,000 in transportation equipment; 22,000 in primary metals; and 225,000 in auto. Of the longer tenured workers in these heavy industries, fewer than half, only 45.7%, were ever reemployed.

Figure 8.
Traditional married-couple families drop 10% as a percent of total U.S. families

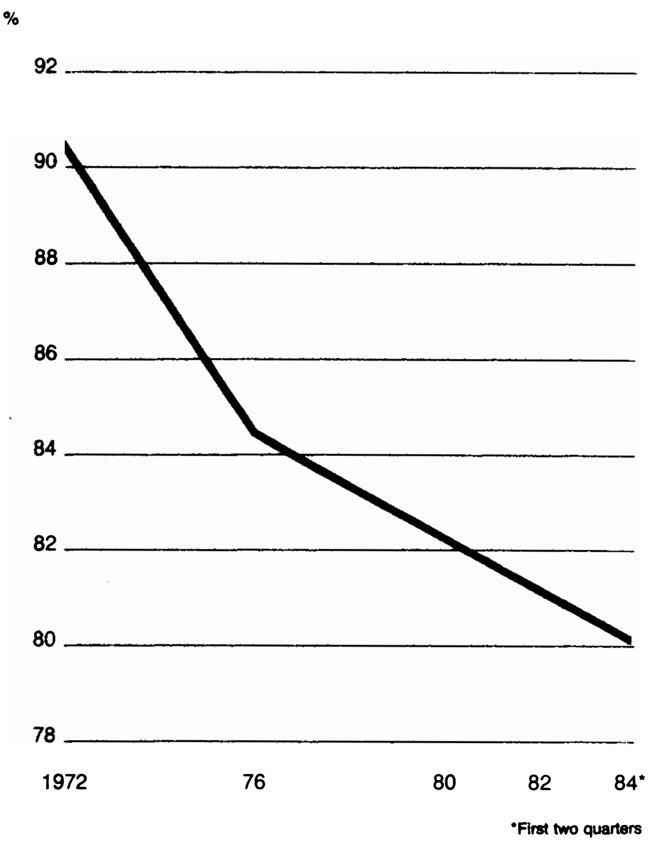
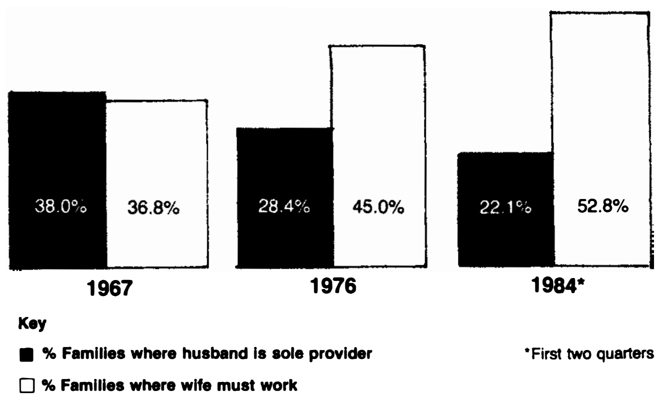


Figure 9.
Fathers can no longer support families



The most highly skilled workers were the first attacked by the Volcker policy, a deliberate policy of lowering the general skill level of the workforce. Manufacturing workers displaced from jobs at which they had 10 years or more tenure, the skilled core of the auto and other workforces, were 30% of those laid off and recycled to lower-skilled jobs, often in paper pushing.

The highly skilled blue collar production operatives took the brunt of the displacement, while "managerial" paper pushers instead were hired and rehired. "From an occupational standpoint, operators, fabricators, and laborers figured most prominently among the workers who had been displaced from jobs," BLS reports, while "higher skilled" white collar workers "were more likely to be reemployed."

Destruction of the productive family unit

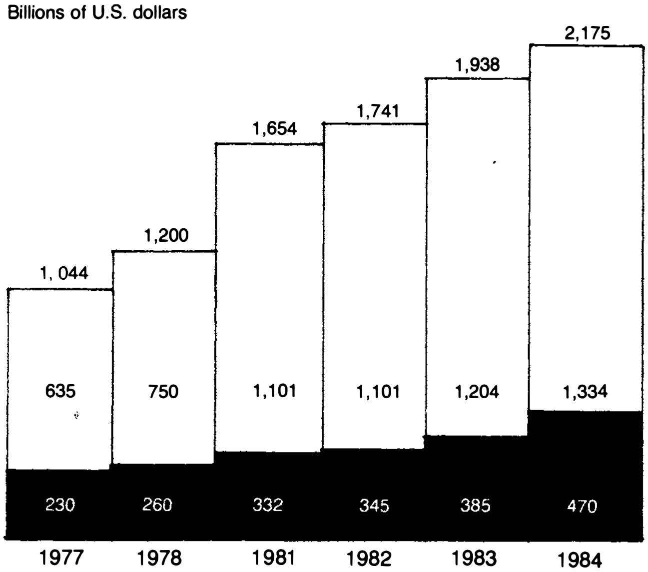
The most indicative trend of the destruction of the productive family unit is the extent to which the main breadwinner, previously the father, can no longer provide for a basic working household with his own labor. Where previously just a father's 40-hour work week would provide for a family of four or more, now an 80-hour work week by the father, mother, and other family members is necessary to bring home the same or lower living standard.

This in part reflects the cultural collapse of the tradtional nuclear family itself, the collapse of "normal" households as we knew them in the 1950s, which fell from 90% of U.S. families in 1967 to 80% in 1984 (see **Figure 8**). The number of single, roommated, "gay," and other non-traditional (not

Figure 10.

U.S. households' debt doubled in seven years

Billions of U.S. dollars



the normal married couple) households in the United States rose from 10% to 20% of families in America during the 1967-84 period. These households, which have *no responsibility* for reproducing the labor force, accounted for increasing amounts of the population and the labor force, that is, they took up in effect "scarce" jobs, the income of which supported themselves, but did not reproduce the labor force.

More importantly, all of the working fathers who have been recycled to lower-skilled jobs at lower wages, can no longer support their families (**Figure 9**). In 1965, 40% of fathers in America could support their families with one job. By 1976, after the 1974 "oil shock" depression, only 28% of workers in the United States were able to support their households singlehandedly. By 1983, after the Volcker shock of '79-82, this had fallen to only 23%, and despite the so-called recovery, the percentage actually dropped to 22% by the end of 1984.

Fully 35% of the labor force in 1984 was made up of "second bread-winners," wives, teenagers, roommates, and relatives in a household who had gone to work to supplement the no longer sufficient and reduced main bread-winner's weekly income.

The phenomenon of "second bread-winners" becomes more serious and is even more intense when only "married couple" households, i.e., those households actually or potentially producing children and reproducing the labor force, are studied. The number of married couple households which had both a husband and a wife employed to make ends meet, rose from 39% in 1977 to 58% in 1984, and another 10% of those had another "second earner" employed, either a child or other relative, to supplement the insufficient father's income.

These figures are borne out by the number of women of child-bearing age now forced to work just to eat. At the end of 1984, more than 80% of single women age 25-34 were working, and 65% of married women of the same age were working. The number of even married women with small pre-school children (children under 6) who were forced to work grew from 26% in 1967 to 55% at the end of 1984, despite the so-called recovery. The ability of the family to produce sane and productive children with this level of economic hardship and stress visited upon the mother is now totally in doubt.

Figure 11.

Debt service payments surpass industrial wages

Billions U.S. $