

U.S. market basket shows 50% decline since 1960s

by Marcia Merry Baker

An analysis of U.S. consumers' and producers' market baskets from the 1960s to 1990, the market baskets that measure the U.S. economy's capability to reproduce and grow, shows a process of collapse. In one generation, production levels of many necessities, selected from these market baskets, have fallen, on a per-household basis, by 40-50%, and some by even 70-80%. Far from representing isolated "short-ages," this trend represents a collapse throughout the economy.

The percentile of the workforce engaged in producing the market basket of necessities is now about 50% smaller than in the 1960s. Therefore, the net productivity of the workforce as a whole has declined. A large percentile of the workforce now is engaged in marginal or useless activity.

Thus, in net effect, the U.S. population is producing per capita about *half* of what it was 25-30 years ago, relative to 1967 per-household standards.

Here we show this process of collapse in three steps:

First, by looking at the tons and numbers

of essentials that go into market baskets for the economy.

Second, by looking at market basket needs as a totality, in ways that allow comparison of workforce requirements to produce the market baskets.

Third, by looking at productivity relations in the economy, and how they have decayed.

1. The market basket standard

The method for comparison used here, is to assort selected commodities into standard market baskets of producers' goods, consumers' goods, or the kind of intermediate goods that go into making producers' or consumers' goods, and to compare the values over time. The type of items included in the *EIR* standard market baskets for the United States, for recent decades, are listed in **Tables 1** and **2**.

The 1967 market basket values were used as a benchmark year, because that was a point when the U.S. economy still "functioned," at least relative to what was to

come; and 1990 is shown as a recent year for comparison.

The consumers' goods market basket has the kinds of things you would expect for the bill of consumption of the standard household: food, clothing, footwear, home appliances, passenger cars, and so forth, including some measure of provision of housing, schools, hospitals, and shops.

The producers' goods market basket has machine tools, textile machinery, locomotives, construction equipment, pumps, etc.

The intermediate goods market basket has ores, industrial chemicals, wood pulp, etc.

The *EIR* consumers' market basket has 28 commodities; the producers' market basket has 46 commodities; and the intermediate goods market basket covers 62 commodities, including raw materials and semi-finished goods.

The values for the commodities are shown either in weight, or in numbers of units. The *EIR* database also has consumer market basket measurements in square meters of school, hospital, residential, and

TABLE 1
Household goods

	Units	1967			1990		
		Quantity (000s)	Production or Consumption	Production as percent of consumption	Quantity (000s)	Production or Consumption	Production as percent of consumption
Men's and boys' clothing	tons	1,512.11	P	104.9%	2,409.71	C	31.1%
Women's and girls' clothing	tons	1,186.13	P	100.0%	1,866.6	C	83.4%
Shoes and leather goods	units	396,757.51	C	96.2%	118,928.09	C	12.9%
Textiles	tons	5,562.21	C	99.7%	2,429.64	C	99.3%
Paper and paper products	tons	40,830	C	88.7%	68,810	C	91.5%
Radios and televisions	units	30,055.43	C	96.3%	27,191.91	C	62.5%
Passenger cars	units	8,399.37	C	88.5%	9,284.44	C	65.5%
Tires for road vehicles	units	194,792.58	C	83.8%	258,000	C	81.7%
Washing machines	units	4,326.72	C	99.9%	6,428	P	100.0%
Food products	tons	358,173	P	118.0%	542,202	P	127.0%
Processed foods	tons	68,019	P	100.0%	106,339	P	90.0%

TABLE 2

Intermediate goods

	Units	1967			1990		
		Quantity (000s)	Production or Consumption	Production as percent of consumption	Quantity (000s)	Production or Consumption	Production as percent of consumption
Bauxite	tons	15,503.32	C	13.44%	14,238.08	C	3.48%
Calcium phosphates	tons	36,079	P	134.24%	46,799.76	C	99.02%
Natural sulfur	tons	7,127	P	111.40%	5,600.6	C	66.53%
Common salt	tons	35,332	P	101.77%	40,497.91	C	90.85%
Synthetic rubber	tons	1,942.55	P	115.73%	2,390.36	C	88.46%
Sulfuric acid	tons	26,141	P	100.03%	39,172.11	C	96.10%
Chlorine	tons	6,987.21	C	99.71%	12,070.48	C	97.83%
Hydrochloric acid	tons	1,493.58	C	99.02%	2,932.62	C	97.11%
Zinc (unwrought)	tons	1,103.16	C	83.18%	985.07	C	36.38%

commercial floorspace; and producers' market basket measurements in kilometers of rail track, etc. (These are not shown in the figures here.)

Keep in mind that the tonnages or unit measurements of the *EIR* market basket items are *not* meant to add up to a *comprehensive* picture of the economy. Rather, they are items chosen to provide a representative index, with which to compare how the economy is functioning over time.

The items selected amount to about a 50 by 50 cell matrix of inputs and outputs.

Also, for each of the commodities, the *EIR* database has recorded both a production level and a consumption level for the United States for every year for which data can be obtained. The two levels are not necessarily the same; exports and imports affect whether one level is higher than the other. However, for comparison, the *EIR* market basket for 1967 uses whichever of the two levels—production or consumption—is *higher*, as a reflection of the "energy of the system," or the level of activity appropriate to the functioning of the economy in the way it was organized at that time. In subsequent years, either annual production, or consumption, of the item in question, is used as noted, depending on what kind of comparison is being made.

When year-by-year measurements (in weight or other units) for actual quantities of each type of commodity are assembled in this market basket way, then calculations are possible for per-capita, per-household, per-worker, per-unit-area ratios, to characterize whether the economy is providing the physical basis for reproduction of the population—as compared to ratios characteristic of the economy in 1967, when things "worked."

What the pattern shows for the late

1960s to the 1990s in the United States, is a collapse in quantity, and in domestic production of the market baskets, per household.

But first, look again at Tables 1 and 2, and see how production drops overall, shown as a percentage of consumption, which is given for all the items listed. In other words, the 1990 U.S. economy is not producing the market basket essentials for the population in the way it was in 1967.

The consumers' market basket: In Table 1, look at clothing. Men's and boys' clothing totalled 1,512,110 tons in 1967, and provided 100% of what was consumed that year; the figure then went up to 2,409,710 tons consumed in 1990, but U.S. production supplied only 31% of that. In 1967, women's and girls' clothing consumed was 1,186,130 million tons, with domestic production supplying 100%; and in 1990, domestic production dropped to 83.4%, at 1,866,600 million tons.

Textiles, referring to non-clothing textiles including bed, bath, and kitchen linens, remains about the same ratio of 99-plus percent of annual consumption from domestic production.

What happened with other types of consumers' market basket items from 1967 to 1990, is clear from the statistics. For passenger cars, domestic production fell from a level of 88.5% of consumption in 1967, down to 65.5% in 1990. Tire production remained at about 81-83%.

Radios and TV sets fell from a level of over 96% domestic production of consumption in 1967, down to 62.5% in 1990.

The most dramatic decline is in shoes and leather goods. In 1967, over 96% of U.S. consumption of footwear and leather goods came from domestic production; in 1990, only 12-13%. As of 1995, half of all

the footwear imports in the United States come from China.

Food commodities appear to remain the same at 100% domestic production of food consumption. This reflects the fact that the United States is a supplier of agricultural commodities controlled and traded internationally by the food cartel companies, such as grains and oilseeds. If specific food items were shown, the United States would show increased import dependence for many foods, from 1967 to 1990.

The producers' market basket: In 1967, about 250,000 machine tools of all types were produced in the United States, which meant that production of these machines was 404% of consumption for that year. The United States was a leading exporter of machine tools. By 1990, the United States was import-dependent. Production was only 13% of consumption, which was about 1,090,490 machines, as listed in the table.

The intermediate goods market basket: Table 2 shows the pattern of decline in domestic production of items needed for consumer or producer goods.

For example, bau ite. In 1967, 13.4% of U.S. consumption was met by domestic production; that dropped to 3.5% in 1990. For natural sulfur, production went from 111% of consumption in 1967, down to 66.5% in 1990.

Market basket production falls

When you look at the per-household production levels from 1967 to 1990, for the market basket goods, the decline is dramatic.

Table 3 shows this decline for all three market baskets, for selected items, for 1967 and 1990, and for three years in between. (These are the type of specific items whose numbers and weights are combined, and

TABLE 3

Decline in production levels for goods in producers' and consumers' market baskets on a per-household basis

(index 1967=1.000)

	1967	1973	1979	1982	1990
CONSUMERS' MARKET BASKET					
Men's trousers	1.000	0.965	0.594	0.504	0.335
Men's shirts	1.000	0.644	0.486	0.343	0.165
Women's blouses	1.000	1.023	1.511	1.405	0.684
Women's dresses	1.000	0.597	0.503	0.339	0.279
Women's woollens	1.000	0.264	0.254	0.139	0.166
Refrigerators	1.000	1.247	0.935	0.703	0.932
Passenger cars	1.000	1.150	0.869	0.484	0.512
Tires	1.000	1.020	0.833	0.666	0.877
Radios	1.000	0.706	0.467	0.316	0.098
PRODUCERS' MARKET BASKET					
Metal-cutting machine tools	1.000	0.643	0.530	0.289	0.212
Metal-forming machine tools	1.000	0.854	0.730	0.404	0.406
Bulldozers	1.000	1.200	0.713	0.334	0.306
Graders and levellers	1.000	0.786	0.748	0.383	0.349
Pumps	1.000	1.140	0.541	0.424	0.506
Steel	1.000	1.029	0.821	0.416	0.487
INTERMEDIATE GOODS FOR EITHER MARKET BASKET					
Gravel and crushed stone	1.000	1.023	0.914	0.624	0.575
Clay	1.000	1.022	0.759	0.459	0.544
Bricks	1.000	0.999	0.850	0.451	0.598
Cement	1.000	1.045	0.911	0.632	0.689

shown as totals in the other tables.)

A production level for each item for 1967 was determined, and then divided by the number of households in 1967. This yielded a production level on a per-household basis. For example, in 1967, the United States had 59,236,000 households and produced 86,014 metal-cutting machine tools (among other types of machine tools). Thus, there were 0.001452 metal-cutting machine tools produced per household.

The 1967 index was set equal to 1, and all subsequent years' production levels were compared to it.

By 1990, the United States produced but 0.000308 metal-cutting machine tools per household, a level that was only 21.2% of what it was in 1967.

During 1967-90, production levels, on a per-household basis for major goods contained in both the producers' and consumers' market baskets, fell between 7% and 90%, with most goods registering a collapse of 40% or more.

Of the total of 60 goods—out of the 74 designated goods comprising the *EIR* producers' and consumers' market baskets, for which enough data was available for the

period, almost three times as many declined as increased in value. Of the 60 items, 44 declined and 16 rose.

By 1990, men's shirts were being produced, per household, at 16.5% of the rate of 1967; men's trousers at 33.5%; women's dresses at 27.9%. Radios were being domestically produced, per household, at only 10% of the 1967 rate.

Look at intermediate goods. There are five representative basic construction building materials included in the market baskets: crushed stone, sand, and gravel; clay; hydraulic cement; and bricks. Of these, four collapsed.

Take the case of bricks, which are used in infrastructure and to an even greater extent in residential housing. In 1967, the United States produced 7.57 billion bricks and consumed 7.551 billion bricks. Stated on a per-household basis, in 1967, domestic new brick production was 128 bricks per household, and domestic new brick consumption was 127 bricks per household.

By 1990, the U.S. production of bricks fell to 7.116 billion bricks. Stated on a per-household basis, in 1990, domestic new brick production was 76 bricks per house-

hold. As the table shows, this is 59.8% of what it was in 1967. Brick output per household had fallen 40% from the 1960s to the 1990s.

2. Fall in production and consumption per household

Figures 1 and 2 give a summary view of the how production and consumption have declined, per household, in essential market basket categories of goods, from 1967-70 to 1990.

Here the tonnages of annual production and consumption for dozens of goods from the market basket lists, are grouped into totalities, rather than simply added as the weight totals of the basket assortments that we considered above. The six categories shown in Figures 1 and 2, and in following graphs—food and lumber, minerals, fuels, non-durables, durables, and final goods—are composed of not only market basket items, but values for the "ingredient" commodities that go into the final market basket items. The relative quantities of input commodities are based on coefficients of production that characterized the U.S. economy in 1967.

For example, for steel, the 1967 profile was used for how much of total annual output (carbon, alloy and stainless, in terms of 83,897,000 net tons of shipments) went to the various uses, among them, 15,932,000 tons for vehicles (19%); 4,994,000 tons for industrial machinery and tools (6%); 7,255,000 tons for ordnance and other military uses (8.6%); and 1,090,000 tons for agricultural machinery and related uses (1.3%).

This method has been chosen, in order to aggregate statistics in a way that will serve not only as a measure for production and consumption, but also for the labor force involved in producing and consuming. The relative numbers of workers needed in 1967 to produce all the different components of the six categories—everything from steel to shoes—were used as the coefficients of productivity for later years' comparisons. While this does not take into account technological advances, it does allow for comparison, which is the object here. The idea is to compile a rough idea of what should be produced, before considering how that might best be produced.

Figures 1 and 2 show production and consumption in metric tons divided by the number of households for that year.

Production ratios drop. During the years 1966, 1967, and 1970, total tonnages of production per household reached up to

FIGURE 1
Production per household

metric tons

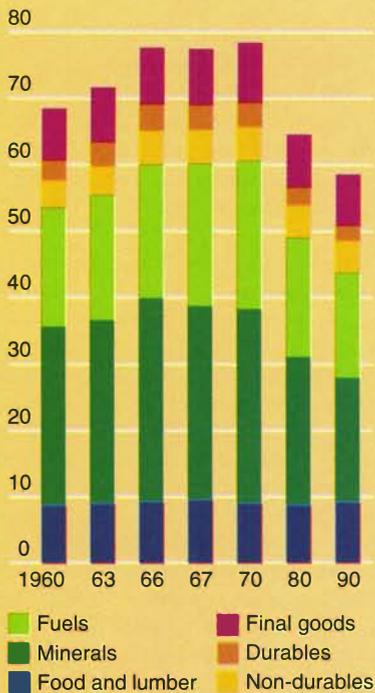


FIGURE 2
Consumption per household

metric tons

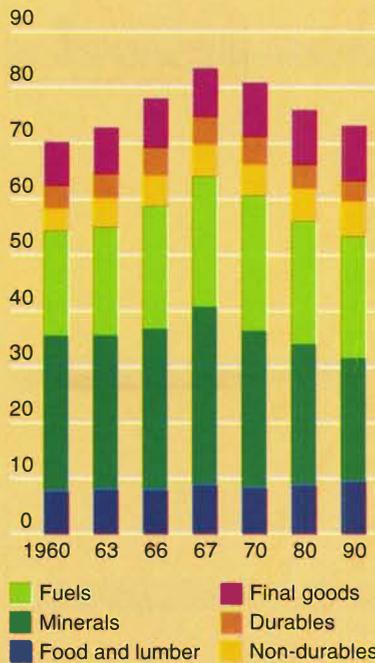


FIGURE 3
Production per capita

metric tons

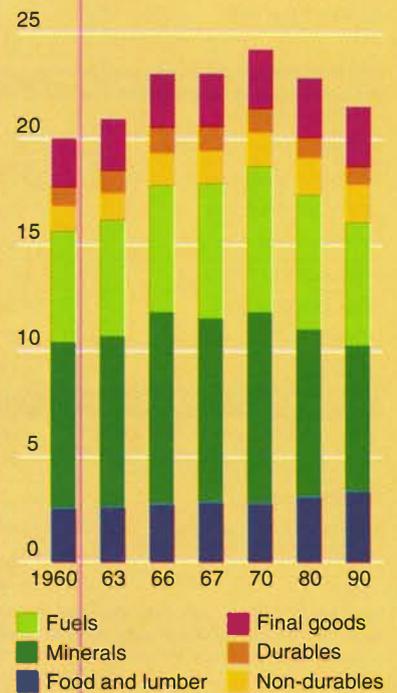


FIGURE 4
Consumption per capita

metric tons

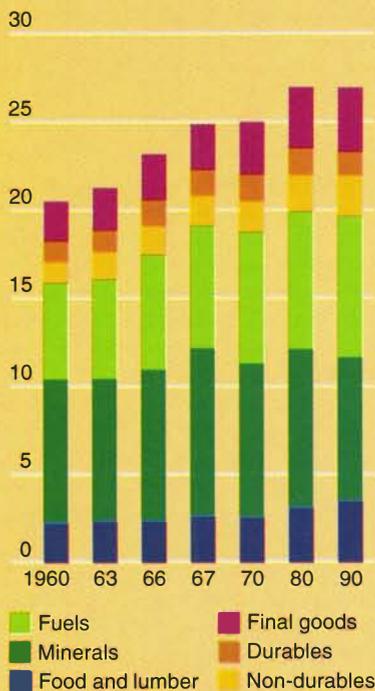


FIGURE 5
People per household

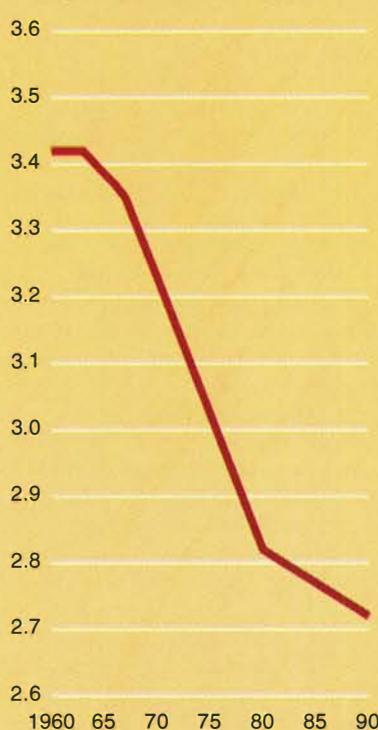
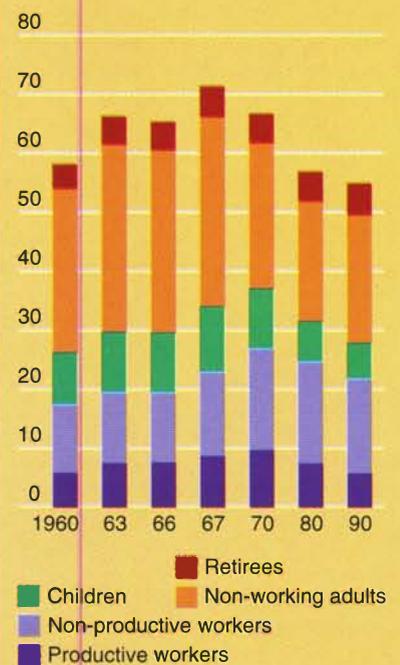


FIGURE 6
Distribution of per-household consumption

tons



78 tons per year—exceeding the 69-71 tons per year levels of the early 1960s.

But by 1980, these tonnages of production had dropped to 62 tons per household, and in 1990, fell farther to 59 tons a year per household—a 25% decline.

Much of the shrinkage during 1970-90 can be seen in the minerals, fuels, and durables components of annual production being measured. This decline in actual volumes of essential physical commodities per household reflects the economic decline in the “post-industrial” decades.

Only food and lumber show some increase. This reflects the role of the United States as a source of agriculture commodities for the international food cartel, as noted above.

Consumption ratios drop. Figure 2 shows that consumption per household fell from 1967 to 1990, in terms of tonnages of items in the six categories used for comparison over the 1960-90 period. From 80 tons per household per year in 1967, the level dropped to 73 tons per household in 1990.

Overall, these levels are higher than the production-per-household tonnages shown in Figure 1, reflecting mostly the shift to import dependence over the last 25 years.

What increased slightly per household were categories of food, non-durables, and

final goods. What markedly decreased were minerals and durable goods categories.

Look at this in terms of specifics.

Figures 3 and 4 show production and consumption per capita over the same time period, for the six main categories being compared. Production per capita drops from 24 tons in 1970, down to 22 tons in 1990. Consumption per capita shows an increase from 1967 to 1990, from 24 tons to 26 tons, because of imports, and because of rises in items and inputs in the “post-industrial,” non-basic-industry categories of non-durables and final goods.

The apparent rise in per-capita consumption of these tonnages should not mislead anyone into inferring that there is an augmentation per capita in the provision of goods in the economy. Look at the number and makeup of households to see why there is no process of economic improvement shown in the apparent per-capita rise in consumption.

Who gets what in the household

Over the last 30 years, the number of households has increased from 59.236 million to 93.347 million in 1990. However, at the same time, the birth rate has fallen, and other demographic, social, and residential shifts have occurred, so that the average

number of people per household has *dropped* over the same 1967-90 time period, from 3.35 in 1967, down to 2.6 in 1990. This is shown in **Figure 5**.

So, as of the early 1990s, even with production and consumption of market basket goods going down per household, the shrinkage of the household membership, along with imports, allowed for an appearance of a temporary per-capita increase in consumption (Figure 4).

Look at the shifts in the profile of how the consumption per household is distributed to household member groups over the 30 years from 1960 to 1990, shown in **Figure 6**. The component going to children shrinks. The component going to non-working adults shrinks, as mothers have to get jobs outside the home. The same quantity of consumption goes to retirees, even though there are relatively more of them today.

The profile deteriorates from 1967 to 1990, for the part of household consumption that goes to workers. There is a decline in what goes to those employed in the productive activities of manufacturing, farming, and necessary support functions and social services; and there is an increase in the consumption going to those employed in jobs that are non-productive from the standpoint of the overall economy (the “parasitical” ranks of the media, lawyers, real estate and retail, and related support jobs).

Figure 7 shows the dramatic decline from 1966-67 to 1990, in the tonnages of production per worker, of the six categories of goods being compared. **Figure 8** shows the fall in the consumption per worker in the six categories.

Figure 9 shows how the ratio of dependents per worker has dropped from over two in the 1960s, down to little more than one in the 1990s.

Production and consumption per unit area

Figures 10 and 11 show production and consumption of the same six groupings of goods, per square kilometer of United States area—defined as “usable” area (e.g., excluding wasteland, lake surfaces), in the standard categories set by the United Nations for statistical use.

There is a rise in both production and consumption per unit area, simply because the land area remains the same over the 30-year period. However, the *rate* of rise in production per square kilometer markedly slows down over the 20-year period from 1970 to 1990, in contrast to the relatively steep rise in production per unit area over

FIGURE 7
Production per worker

metric tons

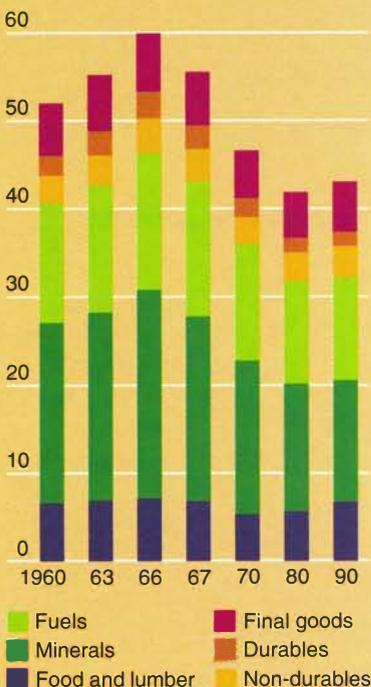


FIGURE 8
Consumption per worker

metric tons

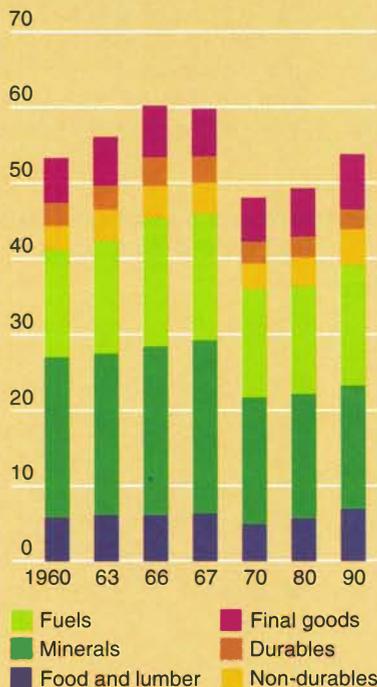


FIGURE 9

Dependents per worker



the 10-year period from 1960 to 1970.

You can see the last 25 years of deterioration of the ratio of production per unit area, in the emergence of the "Rust Belts" in the once-industrialized Midwest; the urban collapse zones; the rundown farms across the American foodbelt; and the decrepit, dangerous transportation system.

The rising ratio of consumption per

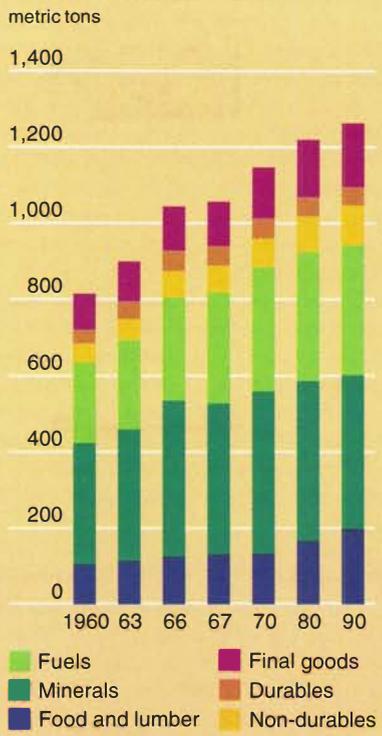
FIGURE 12

Employment of operatives as percentage of actual requirement



FIGURE 10

Production per km²



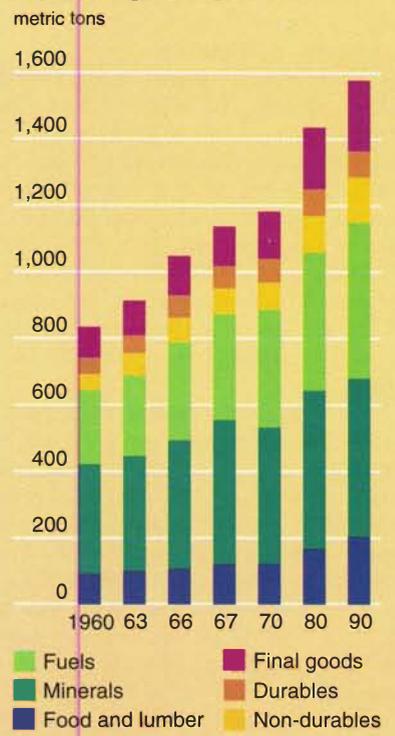
square kilometer has been maintained only by imports.

Millions of new jobs needed

A different way to look at the decline in the U.S. economy over the past 30 years is by looking at the number of workers that would additionally be required to produce 1967-style market baskets of goods for the

FIGURE 11

Consumption per km²



population today.

Figure 12 shows that fewer than 50% of the workers are employed, as of 1990, who would need to be working in the various economic sectors to produce 1967-style market baskets of ratios of goods for today's population. With the masses of job terminations since 1990, the picture, as of 1995, is even worse.

FIGURE 13

Percentage of actual workforce required to produce 1967-style market basket



FIGURE 14

Workers employed in market basket production

percent of total workers

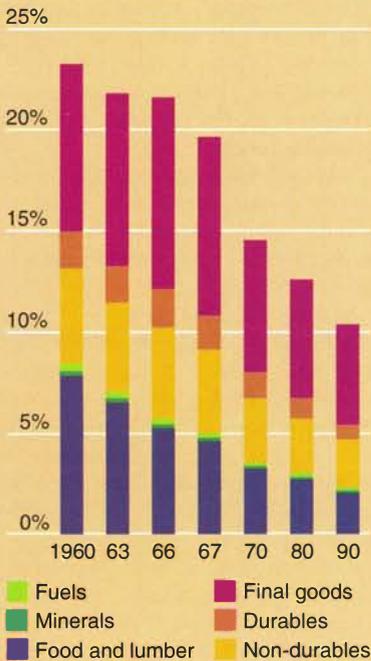


Figure 13 shows this huge need for productive employment in four specific sectors—textiles, steel, shoes, and machinery. To produce requirements for the 1990 population, on the 1967 market basket standard, with the 1967 ratios of domestic product, then, in 1990, there should have been a 500% increase in textile workers over the actual 1990 employment in that sector; a 300% increase in steelworkers; a 300% increase in shoe trades employment; and a 100% increase in machinery workers.

Another way to look at how small a percentile of workers in the 1990s is involved in producing the kinds of things we produced 30 years ago, is to look at the percentage of workers employed in the six categories of goods we have been using for market basket comparison. Figure 14 shows this, from 1960 to 1990.

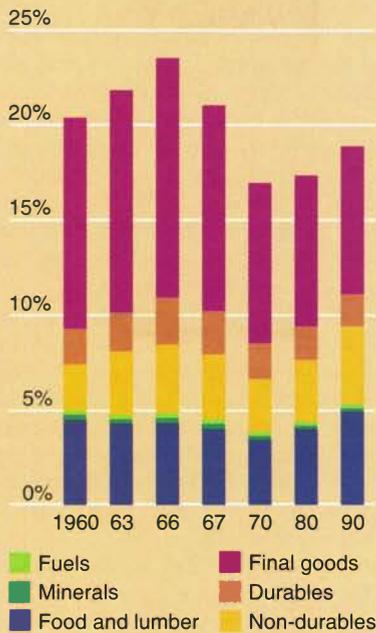
First, it is striking how 30 years ago, in 1960, 23% of the workforce was employed in the sectors shown, in contrast to 1990, when little more than 11% were so employed. In other words, fewer people are producing essentials today. More employed people are doing less useful things, in very labor-intensive unskilled or parasitical jobs.

There was a gradual decline over the 1960s in the percentile of the workforce

FIGURE 15

Workers required for producing 1967-style market basket

percent of total workers



employed in the essential categories shown, followed by steep declines after 1967, going from 19% down to 11% in just two decades.

Figure 14 also shows the shifts sector by sector, as the productively employed percentile of the workforce declined.

Over the 1960s, most of the decline is accounted for by the drop in workers in the agricultural sector. This corresponds to marked gains in the 1960s in per-hectare farm output, due to many improvements, in

particular to fertilization ratios and other farm chemicals.

But in the 1970s and 1980s, while the food and lumber sector continues to show a decline (reflecting widespread financial ruin in the farmbelt), there are sharp declines in other essential sectors, especially durables, as well as in final goods.

Figure 15 shows what percentiles of the workforce should be employed overall and sector by sector, for the same years, calculated on the basis of producing sufficient commodities to provide market basket consumption at 1967 standards for the other years.

In 1990, there should be at least 18% of the workforce employed in the categories shown. The percentile in food and lumber should be higher than in 1970 and 1980; likewise with non-durables. And a solid percentile of the workforce should remain in durables, and in the other sectors as shown.

Not included here are operatives required in construction, transportation, and similarly vital, though small, employment groups. On a 1967 basis, adding employment in transportation and construction would bring total such employment in productive sectors to around 30%. This could be seen as the level of productive employment which ought to cover "costs" of production, without considering producing necessary surplus for re-investment.

3. Productivity relations

Once the first-level matrix of inputs and outputs of the market basket has been understood, as discussed above, in terms of their quantities and the labor force associated with them, then a second-level matrix can be used to characterize the condition of the economy over time, in terms of the pattern of shifts in the inputs and outputs relative to

TABLE 4

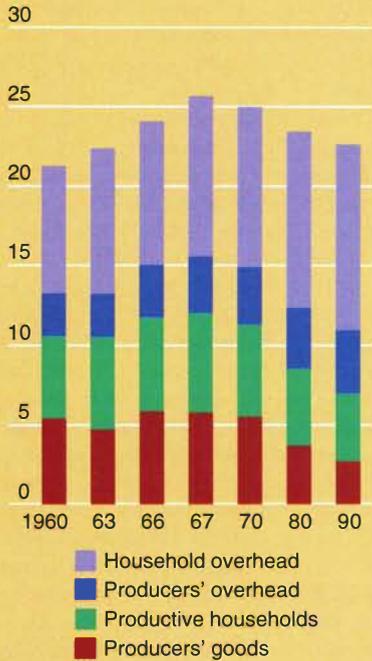
Input-output matrix, showing end-uses for 1967

percentage of total

End use	Inputs				Outputs
	Final	Inter-mediate	Raw material	Infra-structure	Total
Producers' goods	2%	12%	3%	8%	25%
Producers' overhead	4%	4%	1%	6%	14%
Household goods	6%	7%	2%	8%	23%
Household overhead	10%	11%	3%	14%	38%
Total	23%	33%	8%	36%	100%

FIGURE 16
Distribution of market basket inputs

tons per capita



end use, and whether the net effect to the economy tends to be productive or destructive. The idea is to show the set of relations characteristic of the economy, to see whether net productivity is enhanced or undermined.

Table 4 shows this basic matrix for 1967. In the column headings in the middle under "inputs," the different phases of production are noted, from final goods back through to intermediate, raw materials, and infrastructure, both hard and soft. The cells in this section tell what portion of the sum of the inputs is allocated to what phase of activity. The column total, on the right, shows us what percentage share of the total inputs goes where, as identified in the end-use categories named on the left.

The end-use categories distinguish, in a more refined way than shown so far, whether input commodities are going into essential consumption of producers and households (consumers), or to "overhead" connected to each of those two end-user groups, whether the overhead is necessary (e.g., certain clerical work, sales) or unnecessary and parasitical.

"Overhead," when it refers to households, refers to those households connected to overhead activity in the economy.

Look at the relations shown in 1967 in

Figures 16 and 17, showing distribution of market basket inputs in tons per capita and tons per household, over the three decades.

From 1967 to 1990, you will see a striking pattern of the inputs of the economy going more and more to the end-users in the overhead categories. Less and less goes to the productive households and producers.

Figure 17 shows a drop of 50% in the amount of inputs going to producers' goods end-users from 1967 to 1990, in terms of tons per household.

This drop would be even greater, if the number of people per household had not declined over the time period from 3.35 to 2.6. Figure 18 shows the distribution of market basket inputs per household, based on the 1967 household size.

With the overhead drag increasing so much, what capacity is there to reproduce the economy? Figure 19 shows how low the reproductive potential of the system has fallen from 1967 to 1990, in terms of the declining total amount of inputs available per household (still with a 1967 household size for comparison), once parasitical overhead has been removed from the calculation.

In this representation, a factor was used keep overhead at an "acceptable level" of no more than 56% of employment in the economy, which was the profile in the mid-1950s,

FIGURE 17
Distribution of market basket inputs

tons per household

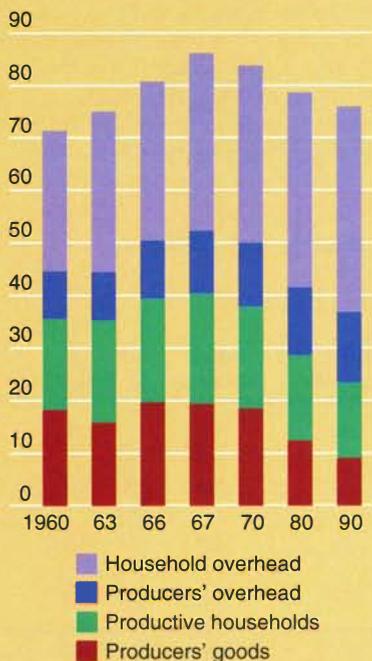


FIGURE 18
Distribution of market basket inputs, based on 1967 household size

tons per 1967 household

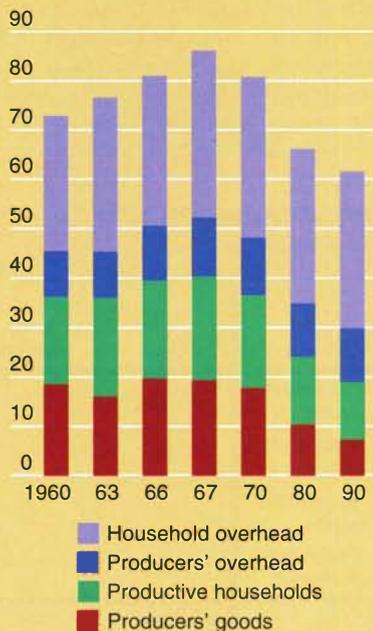
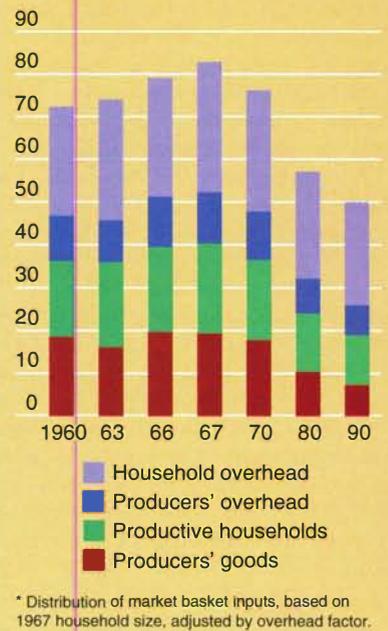


FIGURE 19
Reproductive potential of the system (not including parasitism)*

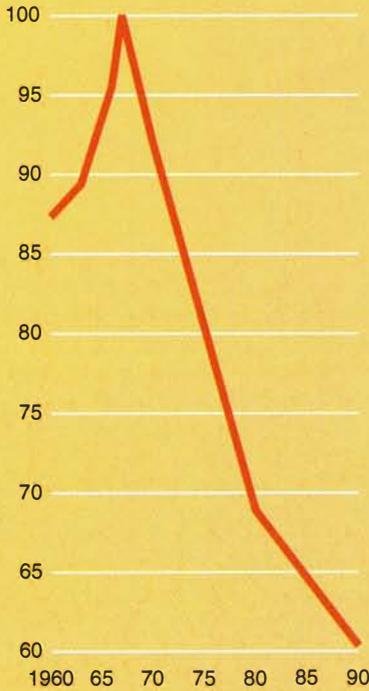
tons of inputs per household



* Distribution of market basket inputs, based on 1967 household size, adjusted by overhead factor.

FIGURE 20
Energy of the system

(index 1967=100)



before the “post-industrial” era took off.

This profile of the U.S. economy shows how it has not been producing the level of market basket inputs to reproduce itself since 1967. The whole assembly has been collapsed to about 60% of where it was a generation ago, with the productive portions, as distinct from the remaining overhead, collapsed by more than 60%.

Figure 20 shows this in terms of the decline in “energy of the system.”

In other words, the rate of real profit in the economy, in terms of the capability for reproduction, has been falling. This trend, based on the relationships $S'/C+V$, is shown in Figure 2 on p. A2.

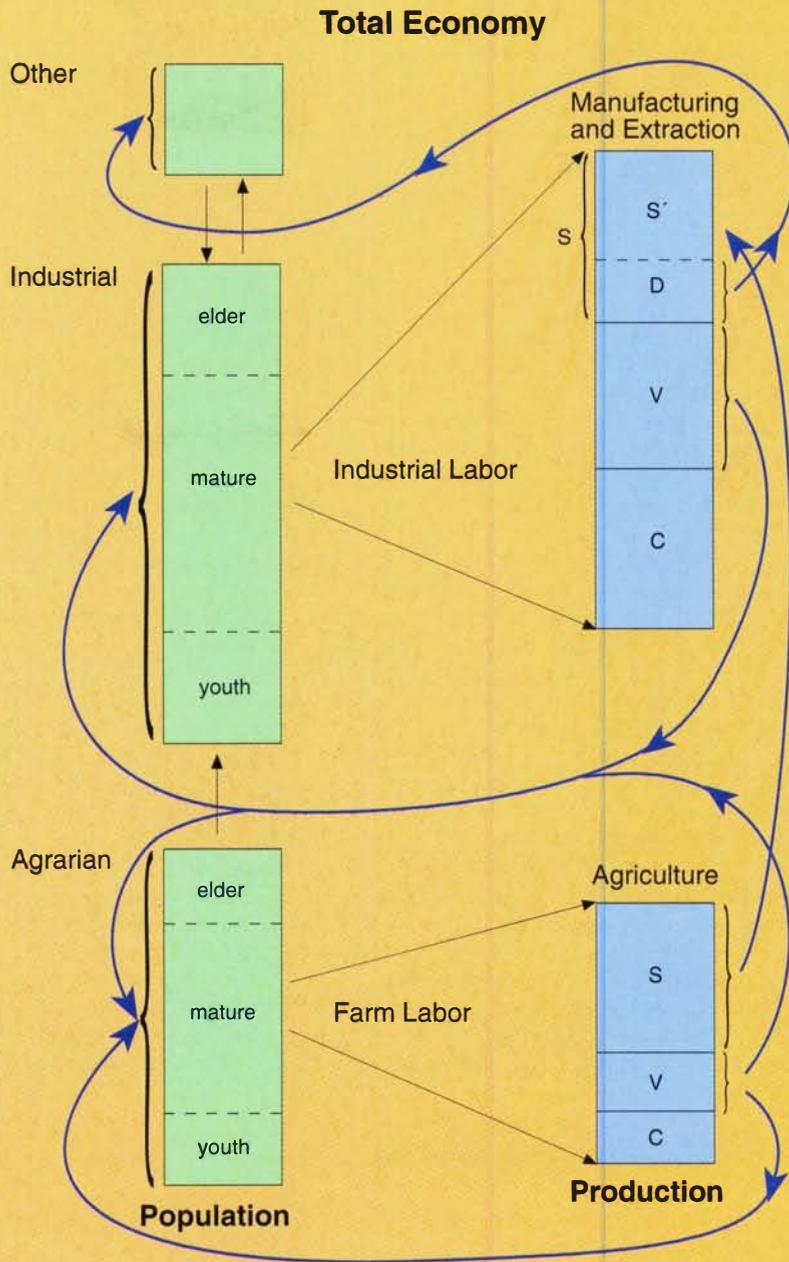
The meaning of these symbols is shown in Figure 21, the diagram of the physical-economic process often used by Lyndon LaRouche (for a complete explanation, see LaRouche, *So, You Wish to Learn All About Economics? A Text on Elementary Mathematical Economics* [Washington, D.C.: EIR News Service, Inc., 1995]).

The definitions, in brief are:

V: The portion of total physical-goods output required by households of 100% of the operatives’ segment.

C: Capital goods consumed by production of physical goods, including costs of basic economic infrastructure of physical-

FIGURE 21
Diagram of the physical-economic process



Vertical bars represent 100% of population and production; internal divisions represent the critical ratios, or inequalities, that define productivity, capital-intensity, and rate of profit of an economy. New modes of production, engendered by scientific discovery and technological innovation, force non-linear transformations of the internal composition of the whole.

goods production.

S: Gross operating profit of the consolidated agro-industrial economic enterprise.

D: Total overhead expense, including consumer goods (of households associated with overhead expense categories of employment of the labor force), plus capital

goods consumed by categories of overhead expense.

S': Net operating profit.

This method of economic analysis shows that the United States is only capable of producing about half what it was able to a generation ago, and at half the productivities.