

# U.S. industry: the 1983 trends and the requirements for a beam-weapons economy

by Leif Johnson

Those sectors of the U.S. economy that are most important for long-term productivity growth have been flat since last November, according to the latest government industrial production statistics. While the output of consumer goods inched up from a late-1982 trough, mining, primary metals, electrical power generation, and capital goods consumed by the capital goods industries remained level or declined between November 1982 and April 1983.

To demonstrate the inadequacy—nay, “wrong-directedness”—of the so-called recovery, we have compared the current direction of the economy, sector by sector, with the requirements projected by *EIR* to realize President Reagan’s plan for a beam weapon anti-ballistic missile defense system. The President’s program is an excellent “yard stick” against which to measure current economic trends. It demands, for its implementation, a gear up of the most technologically advanced sectors of the economy. These are also the sectors with the capability to radically upgrade productivity and provide the greatest “payback” to the entire economy.

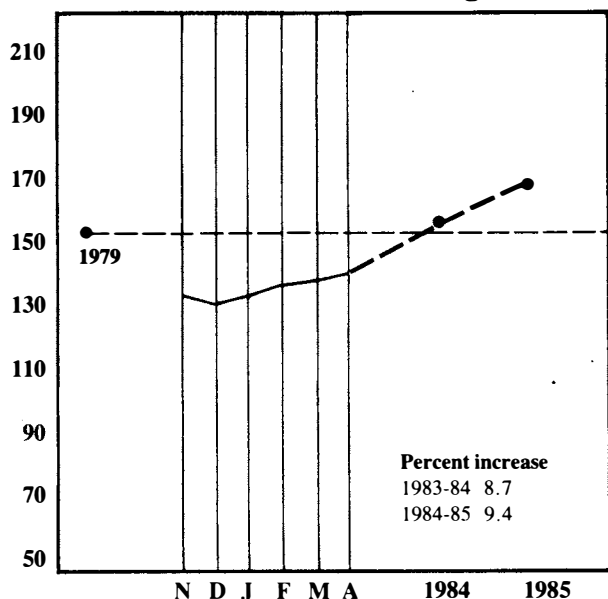
By focusing our attention on the economic requirements of national security we have a real meaning for the often used

term “recovery.” The tasks assigned to the industrial base of the nation, in this case by military necessity broadly conceived, define recovery. Thus, recovery must be more than simply recapturing some past level of production. It must be the path for achieving ultimate goals in the shortest time available and the basis for subsequent augmentations of output and productivity.

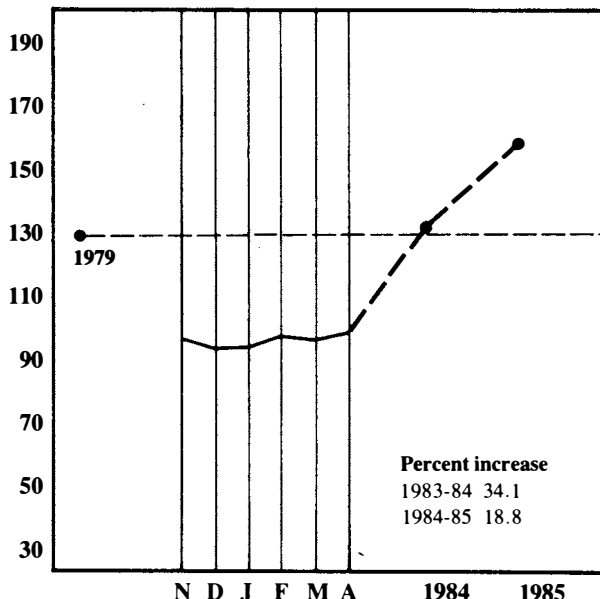
This definition allows us to transcend the numbing ritual of seeking to divine economic trends in each reported monthly figure for retail sales, opinions of purchasing managers, auto production, unemployment, money supply figures, leading indicators, financial market “signals,” and the endless commentaries on such figures. Instead, we direct our attention to what necessity demands of our economy and how well we have achieved such requirements. For most businessmen, workers, and bankers, this notion of recovery can replace the miserable anxiety of waiting for “what will happen next” with the healthy situation of developing industries and their work forces and participating in the common purpose of the future of the country.

The accompanying graphs compare the output levels re-

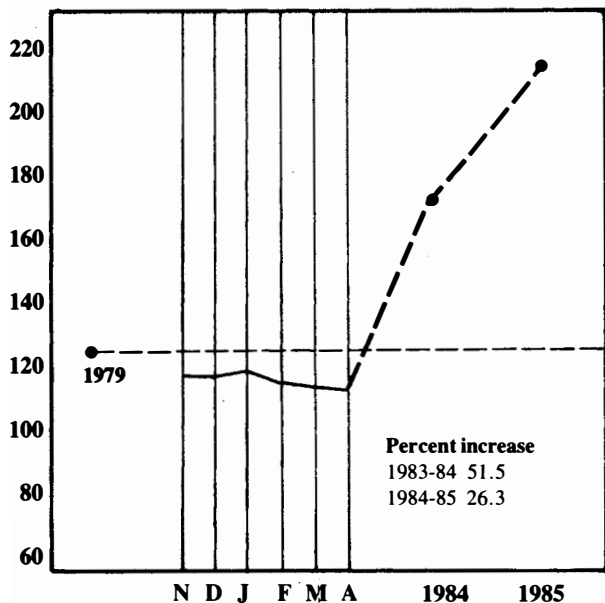
**FRB all manufacturing**



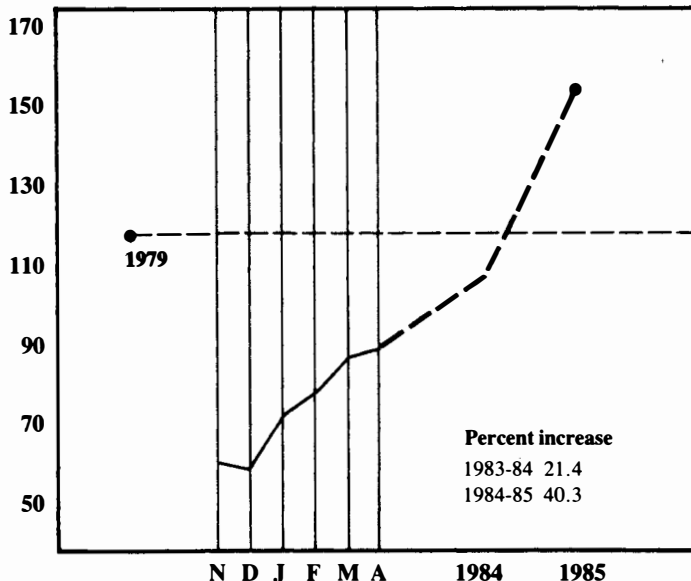
**FRB manufacturing equipment**



**FRB mining**



**FRB primary metals**



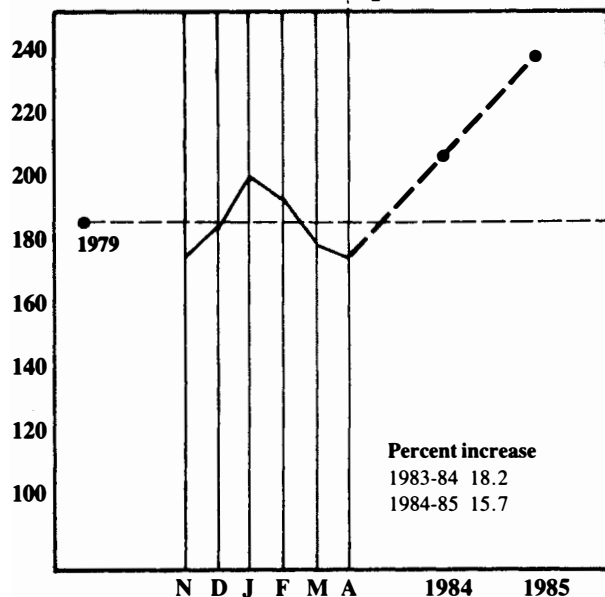
quired in the eight industrial sectors for the beam weapons defense program, as projected by the *EIR*'s LaRouche-Riemann model, with the actual direction of these sectors. The results are dramatic. The *EIR* study indicated that the economy's core industrial sectors must break through the 1979 levels (the last year of approximately normal economic output) by early 1984 and then continue on a strongly upward trajectory. Subsequent annual increases will have to be even larger than the first two years; however, the 1984-85 rise in output is the foundation upon which the later years' gains must be based. The first year (1984) is the period in which we restore the economy to 1979 levels in preparation for a

genuine recovery.

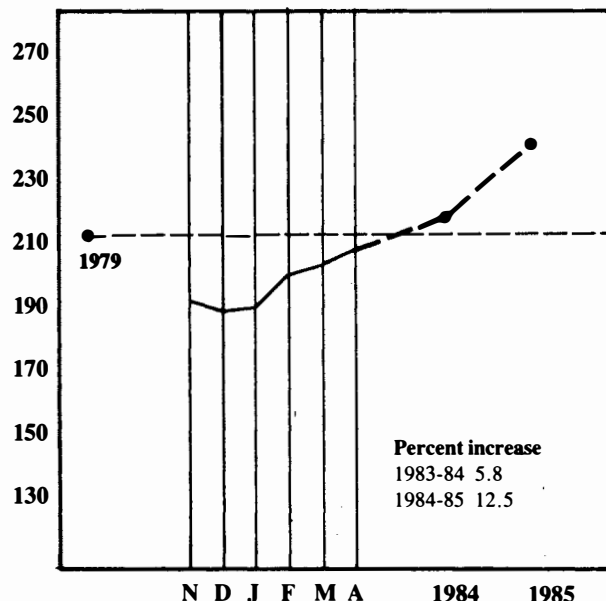
By contrast, almost the entire increase in the government's industrial production index between last November and April came in consumer durables, construction supplies used for residential construction, and industrial materials consumed in auto and home furnishings production.

In the accompanying graphs, the actual data points are from the Federal Reserve Board's index of industrial production. The projections for 1984 and 1985 are for the eight industrial categories used in the *EIR*'s 10-year military production forecast. These categories are based on, but not strictly comparable to, the Fed's industrial production categories;

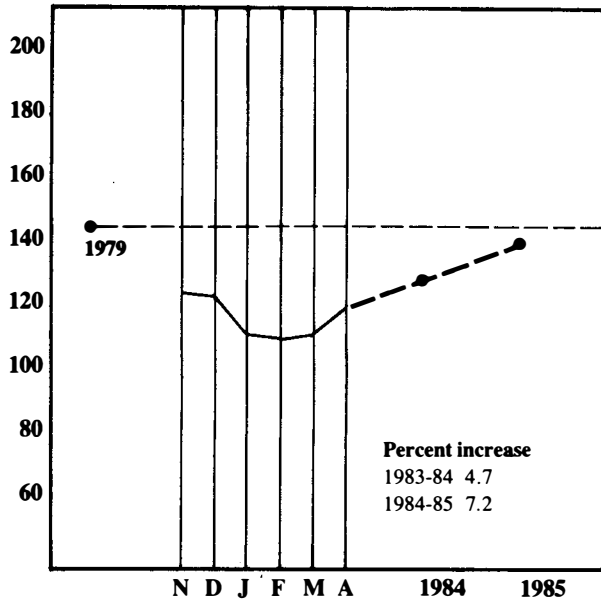
**FRB electric power**



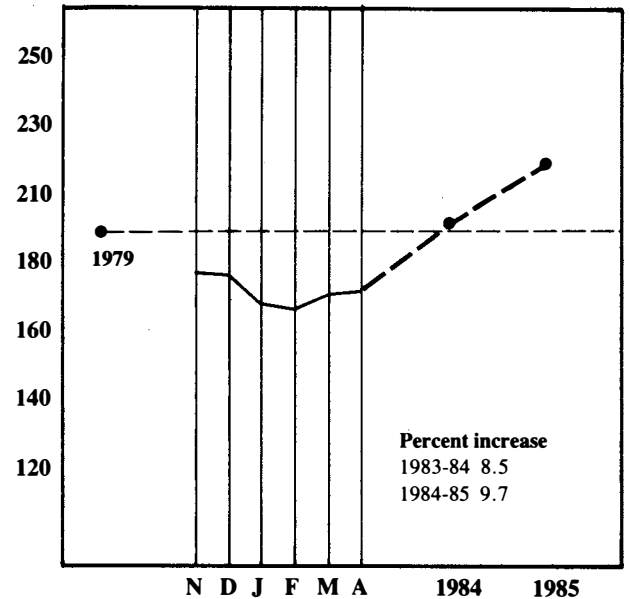
**FRB chemicals**



**FRB petroleum products**



**FRB commercial, transport, farm equipment**



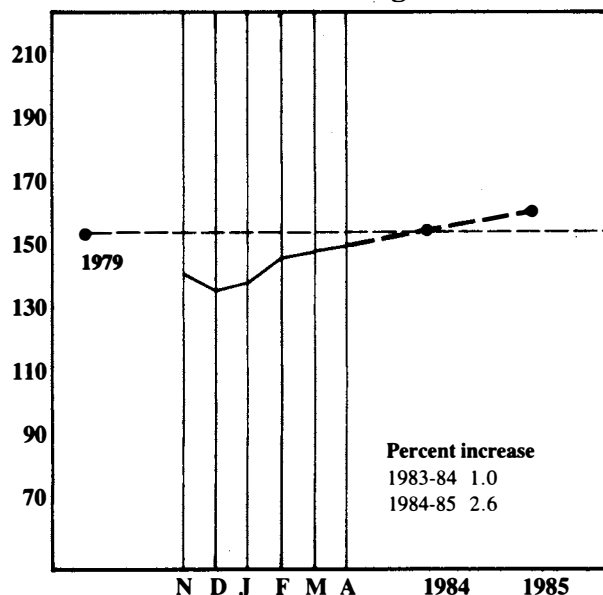
however, they are sufficiently alike to permit comparison.

The reason we have created industrial categories different from those of the Federal Reserve Board's industrial production index is a significant one. The Federal Reserve Board index ignores how various branches of industrial output are ultimately consumed. Machinery is machinery whether it is used to produce lasers to be installed on the most advanced machine tools or whether it is used to build casino gaming tables, video games, or non-essential luxury goods. *EIR*'s model distinguishes between capital equipment used to produce other capital equipment, such as machine tools, and capital goods used to produce consumer goods. Thus, the

two sectors, capital to capital goods and capital to consumer goods, used by *EIR* are not found in the FRB industrial production index. In this we have achieved a superior way of conceptualizing the workings of the U.S. economy.

In the first two years of the beam weapons program, consumer goods output maintains a slow increase. Since the work force will be expanding, there may be minor shortages of consumer goods. The other graph that may raise questions is the slow growth in oil product consumption. This is largely due to a fairly inelastic demand for oil and the assumption that the nation will not be fighting a war, which would demand a large increase in oil production.

**FRB consumer goods**



**Manufacturing employment**

