

U.S. production collapse a national security threat

by the EIR Economics Staff

For the last three years we have been regaled, on a weekly, and monthly, basis with fresh news about the growing strength of the U.S. economic recovery. The news reports are based on indexes, and other data series prepared by the Federal Reserve under Paul A. Volcker, the Department of Commerce, and the Bureau of Labor Statistics in the Department of Labor.

The same government departments also have available data series which do not attract so much attention. These are data series of physical-goods production in the United States economy. Official silence about this kind of data, over the same time frame that it is said the recovery has been in effect, is perhaps the best evidence to support the thesis that there is some other political motivation behind the recovery hoax. For these numbers show that there was no recovery at all.

Contrary to the myth-making of Donald Regan and his accomplices, the U.S. economy is careening toward disaster. National security interests are being threatened by the extent to which the officially approved myth about "the recovery" blinds all other aspects of thinking.

We present here some of the evidence, in the form of selected tables of data, to demonstrate the thesis that the recovery did not happen, and that the productive potentials of the U.S. economy are being undermined to the point that national security is threatened. The tables presented here are a representative sample from a broader data base, of hundreds of industrial production items.

The tables are in two forms: first, reported production data for the United States and major allied nations, for the years from 1972 to 1982; second, per-capita productivity,

production of each class of goods per capita of the total population for the same time period. Thus, in the first series, the charts present an absolute decline in physical production, in terms of numbers of units, such as machine tools, automobiles, or tractors, or gross tonnage (metric tons) of production, for example, steel and cement. The second series presents the production decline relative to the increase in population over the same time period.

We have been told we are "recovering." We are not told what we are recovering from, or what we have lost that we should get back again.

As far as the United States is concerned, it will be seen that, with the exception of energy consumption and machine-tool production, 1972 is the high year of production for each of the items considered. Thus, the production levels reached in 1972 are a fair enough indicator of whether we have recovered anything, and if so, how much. But only in approximation.

The per capita data presents this in another way.

In 1972, the high year of production, the population was smaller, the labor force was smaller, even though the goods-producing labor force was about the same as it is now. A better comparison than the simple absolute numbers, is the relative productivities of 1972 and the years of the recovery.

Are we recovering to 1972 levels?

The last year in the charts is 1982. That is when it is considered that the U.S. economy "bottomed out." There is an upturn in production since then.

For example, energy consumption was 17,986 trillion



NSIPS/Chris Lewis

U.S. Steel's National Tube plant in McKeesport, Pa. is demolished, to make way for the "post-industrial society."

kilocalories in 1983, rising to 18,892 trillion kilocalories in 1984; cement rose from 61,215 thousand metric tons in 1983 to 70,748 thousand metric tons in 1984; raw steel rose from 75,662 thousand metric tons in 1983 to 83,031 thousand metric tons in 1984; machine tools rose from 150,837 units in 1983 to 164,590 units in 1984; and automobiles rose from 6,781,184 units in 1983 to 7,773,332 units in 1984.

If the increased production of the last two years is set against the production levels of 1972, it would seem at first glance that we have bounced about half way back to where we were then. If productivities for the last two years are compared with the productivities of 1972, however, it will be seen that we have not even come so far.

For example, if we had produced in 1984 at the same per-capita productivity of the total population as we did in 1972, we should have consumed over 20 trillion kilocalories of energy, and produced nearly 84 million tons of cement, 135 million tons of steel, nearly 290,000 machine tools, nearly a quarter of a million tractors, and over 10 million automobiles.

Looked at in these terms, U.S. productivity has been declining at 1.5% per annum over the entire period since 1972.

If the accumulated deficit in infrastructure spending, the lack of maintenance and improvement of transportation and energy production systems, is included in this, estimated at \$3 trillion over the period since 1972, the annual rate of decline would have to be almost doubled.

But this is still deceptive. The so-called "recovery" was the by-product of a political deal between Donald Regan, Paul Volcker, and the international banking community to

stem accelerating collapse in the United States at the expense of the rest of the world. Take the figures for the automobile recovery reported here. Midwest experts estimate that imported foreign parts make up one-third of every automobile produced in the United States. If one-third is knocked off the automobile production number for 1984 to compensate, our domestic production capabilities are still at the level of 1982, the year "the bottom fell out."

Steel production domestically is significantly dependent on imported foreign scrap, which is melted down in electric arc furnaces. Tractors, and tractor parts, are imported from Japan. And so it goes on. If the margin provided by imports is knocked out, it is arguable that there was no recovery at all from the "bottoming out" levels of 1982.

But then what happens if the international credit and currency arrangements that were rigged, beginning in 1982, to finance the imports at the rest of the world's expense are changed, by the very people who did the rigging in the first place? Or, what happens if Volcker does what he has been threatening to do since the latter part of February and begins to tighten interest rates again in order to maintain an inflow of foreign originating looted funds and imports?

At no time in the period between 1978 and 1982, when Volcker wreaked havoc on the U.S. and world economy, was the United States so vulnerable to the identified kind of shift as it is now. A shift in either direction would send the economy careening down until a new plateau of collapse was reached, and that would be well below the so-called "bottoming out" levels of 1982. If that is permitted to happen, there may not be any U.S. economy left to recover.

Cement output (thousand metric tons)

	1972	1976	1980	1981	1982
World total:	627,203	678,692	764,061	766,984	756,977
Specified	323,797	326,453	364,575	356,328	340,744
Canada	9,091	9,898	10,340	10,152	8,136
USA	74,930	67,581	69,589	66,163	58,369
France	30,245	30,614	29,104	28,229	26,141
W. Germany	43,146	34,152	34,551	31,498	30,079
Britain	18,048	15,780	14,805	12,729	12,962
Italy	33,459	36,327	41,862	42,094	40,245
Mexico	8,753	12,691	16,398	18,173	19,343
Brazil	11,382	18,675	25,880	24,886	25,440
Argentina	5,454	5,707	7,289	6,913	5,818
Egypt	3,822	3,362	3,638	3,432	4,260
India	15,785	18,516	17,803	20,908	22,653
Thailand	3,390	4,438	5,359	6,323	6,612
Japan	66,292	68,712	87,957	84,828	80,686
Other	303,406	352,239	399,486	410,656	416,233

Cement output per million persons

	1972	1976	1980	1981	1982
World avg:	213,768	214,822	225,073	221,869	215,031
Specified	232,423	218,781	229,345	220,715	207,858
Canada	416,597	429,880	429,580	416,646	329,940
USA	356,986	309,954	305,673	287,909	251,612
France	584,998	578,813	541,862	523,156	482,119
W. Germany	699,604	555,037	561,202	510,651	487,994
Britain	321,986	281,022	263,387	226,289	230,239
Italy	614,919	646,767	733,880	735,947	701,621
Mexico	160,364	204,795	235,090	253,056	261,664
Brazil	113,420	168,073	211,576	198,738	198,501
Argentina	223,625	221,975	269,583	252,566	210,005
Egypt	111,101	88,793	86,695	79,795	96,690
India	27,304	29,297	26,010	29,955	31,831
Thailand	87,917	103,404	113,868	131,387	134,390
Japan	618,510	609,310	753,172	721,032	681,239
Other	196,902	211,279	221,311	222,881	221,281

Raw steel output (thousand metric tons)

	1972	1976	1980	1981	1982
World total:	587,541	637,752	643,680	633,593	566,602
Specified	359,436	370,714	360,779	356,717	298,157
Canada	11,695	13,123	15,684	14,637	11,762
USA	120,875	116,121	101,456	109,614	67,656
France	23,637	22,822	22,811	20,891	18,083
W. Germany	43,154	41,848	43,300	41,096	35,414
Britain	24,847	21,784	10,904	15,264	13,360
Italy	19,574	23,207	26,253	24,777	24,009
Mexico	4,383	5,224	6,981	7,426	6,910
Brazil	6,518	8,050	10,098	8,289	7,580
Argentina	1,884	2,198	2,516	2,369	2,731
Egypt	230	457	800	900	1,000
India	6,836	9,250	9,355	10,617	10,834
Thailand	182	275	450	300	300
Japan	95,621	106,355	110,171	100,537	98,518
Other	228,105	267,038	282,901	276,876	268,445

Raw steel output per million persons

	1972	1976	1980	1981	1982
World avg:	200,250	201,863	189,611	183,282	160,951
Specified	258,005	248,443	226,957	220,956	181,880
Canada	535,927	569,945	651,599	600,714	476,986
USA	575,880	532,579	445,650	476,987	291,645
France	457,186	431,491	424,698	387,164	333,505
W. Germany	699,734	680,112	703,310	666,255	574,548
Britain	443,284	387,947	193,986	271,355	237,308
Italy	359,736	413,178	460,239	433,187	418,566
Mexico	80,301	84,300	100,083	103,406	93,475
Brazil	64,951	72,449	82,553	66,195	59,144
Argentina	77,247	85,492	93,054	86,551	98,577
Egypt	6,685	12,069	19,064	20,925	22,697
India	11,824	14,636	13,667	15,211	15,223
Thailand	4,720	6,407	9,561	6,233	6,097
Japan	892,153	943,114	943,390	854,557	831,796
Other	148,033	160,174	156,724	150,272	142,713

Machine-tool output (number)

	1972	1976	1980	1981	1982
World total:	1,202,814	1,380,800	1,465,197	1,445,561	1,258,475
Specified	883,863	1,016,876	1,143,921	1,101,276	931,678
Canada	213	321	510	509	535
USA	256,107	272,204	322,610	300,180	189,857
France	36,276	25,964	19,317	17,781	11,888
W. Germany	337,228	414,202	367,384	384,078	364,183
Britain	47,317	64,361	52,575	30,435	22,739
Italy	0	0	0	0	0
Mexico	0	0	0	0	0
Brazil	0	82,632	154,357	154,357	154,357
Argentina	0	0	0	0	0
Egypt	0	0	0	0	0
India	0	0	0	0	0
Thailand	0	0	0	0	0
Japan	206,722	157,192	227,168	213,936	188,119
Other	318,951	363,924	321,276	344,285	326,797

Machine-tool output per million persons

	1972	1976	1980	1981	1982
World avg:	409.95	437.05	431.61	418.16	357.48
Specified	634.44	681.48	719.61	682.14	568.33
Canada	9.76	13.94	21.18	20.88	21.69
USA	1,220.16	1,248.44	1,417.08	1,306.23	818.41
France	701.64	490.89	359.64	329.52	219.25
W. Germany	5,468.08	6,731.59	5,967.31	6,226.74	5,908.41
Britain	844.16	1,146.19	935.33	541.05	403.90
Italy	0.00	0.00	0.00	0.00	0.00
Mexico	0.00	0.00	0.00	0.00	0.00
Brazil	0.00	743.68	1,261.91	1,232.68	1,204.40
Argentina	0.00	0.00	0.00	0.00	0.00
Egypt	0.00	0.00	0.00	0.00	0.00
India	0.00	0.00	0.00	0.00	0.00
Thailand	0.00	0.00	0.00	0.00	0.00
Japan	1,928.73	1,393.91	1,945.23	1,818.44	1,588.30
Other	206.99	218.28	177.98	186.85	173.73

Agricultural tractors output (number)

	1972	1976	1980	1981	1982
World total:	1,449,566	2,058,789	1,744,265	1,665,370	1,602,210
Specified	767,842	1,211,157	934,088	853,434	763,774
Canada	0	0	0	0	0
USA	218,213	213,154	118,480	119,787	66,873
France	109,300	166,700	123,500	113,000	113,400
W. Germany	84,237	125,152	94,587	88,869	93,382
Britain	134,295	136,500	103,300	85,100	86,600
Italy	68,604	128,217	127,023	109,027	92,838
Mexico	6,229	11,574	17,893	18,898	15,714
Brazil	31,438	59,178	50,238	34,309	25,531
Argentina	14,408	24,098	3,618	1,100	3,974
Egypt	0	0	0	0	0
India	18,308	36,675	67,517	84,317	67,488
Thailand	0	0	0	0	0
Japan	82,810	309,909	227,932	199,027	197,974
Other	681,724	847,632	810,177	811,936	838,436

Tractor output per million persons

	1972	1976	1980	1981	1982
World avg:	494	651	513	481	455
Specified	551	811	587	528	465
Canada	0	0	0	0	0
USA	1,039	977	520	521	288
France	2,114	3,151	2,299	2,094	2,091
W. Germany	1,365	2,033	1,536	1,440	1,515
Britain	2,395	2,430	1,837	1,512	1,538
Italy	1,260	2,282	2,226	1,906	1,618
Mexico	114	186	256	263	212
Brazil	313	532	410	273	199
Argentina	590	937	133	40	143
Egypt	0	0	0	0	0
India	31	58	98	120	94
Thailand	0	0	0	0	0
Japan	772	2,748	1,951	1,691	1,671
Other	442	508	448	440	445

Automobile output (thousands)

	1972	1976	1980	1981	1982
World total:	27,835	28,921	28,994	27,756	26,818
Specified	25,173	25,332	24,841	23,936	22,967
Canada	1,155	1,137	847	803	808
USA	8,975	8,498	6,376	6,253	5,073
France	2,993	3,388	3,488	2,953	3,086
W. Germany	3,514	3,548	3,530	3,590	3,771
Britain	1,921	1,333	924	955	888
Italy	1,732	1,471	1,445	1,254	1,296
Mexico	170	229	316	369	324
Brazil	437	527	629	605	686
Argentina	202	141	218	138	110
Egypt	0	0	0	0	0
India	52	32	30	42	43
Thailand	0	0	0	0	0
Japan	4,022	5,028	7,038	6,974	6,882
Other	2,662	3,589	4,153	3,820	3,850

Automobile output per million persons

	1972	1976	1980	1981	1982
World avg:	9,486	9,154	8,540	8,029	7,617
Specified	18,069	16,976	15,626	14,826	14,010
Canada	52,928	49,381	35,189	32,955	32,766
USA	42,759	38,975	28,006	27,210	21,868
France	57,890	64,056	64,940	54,726	56,915
W. Germany	56,978	57,661	57,336	58,201	61,179
Britain	34,271	23,739	16,438	16,977	15,773
Italy	31,831	26,189	25,332	21,924	22,594
Mexico	3,114	3,695	4,530	5,138	4,382
Brazil	4,354	4,742	5,142	4,831	5,352
Argentina	8,282	5,484	8,062	5,041	3,970
Egypt	0	0	0	0	0
India	89	50	43	60	60
Thailand	0	0	0	0	0
Japan	37,525	44,586	60,266	59,278	58,105
Other	1,727	2,152	2,300	2,073	2,047

Energy consumed (trillion kcals)

	1972	1976	1980	1981	1982
World total:	56,340.75	63,323.09	69,869.67	69,521.79	69,547.41
Specified	34,570.33	37,326.28	39,607.28	38,914.80	38,270.62
Canada	2,061.51	2,320.47	2,566.68	2,543.12	2,461.74
USA	18,097.25	18,998.73	19,255.63	18,781.86	18,010.43
France	1,780.95	1,891.69	2,188.43	2,168.81	2,123.97
W. Germany	2,608.39	2,754.62	2,876.66	2,823.50	2,795.41
Britain	2,202.35	2,147.16	2,141.73	2,054.87	2,098.76
Italy	1,258.00	1,429.14	1,450.16	1,390.39	1,327.62
Mexico	516.58	712.62	1,037.14	1,091.37	1,179.02
Brazil	913.92	1,238.26	1,541.46	1,513.87	1,581.98
Argentina	655.52	766.63	904.66	875.63	909.24
Egypt	102.32	144.11	200.98	229.40	232.62
India	1,271.07	1,510.14	1,763.36	1,870.24	1,975.77
Thailand	147.68	187.32	215.15	224.02	239.67
Japan	2,954.72	3,225.34	3,465.19	3,347.66	3,334.33
Other	21,770.42	25,996.80	30,262.39	30,606.99	31,276.79

Energy consumed per million persons

	1972	1976	1980	1981	1982
World avg:	19.20	20.04	20.58	20.11	19.75
Specified	24.81	25.01	24.91	24.10	23.34
Canada	94.46	100.78	106.63	104.37	99.83
USA	86.22	87.13	84.58	81.72	77.63
France	34.44	35.76	40.74	40.19	39.17
W. Germany	42.29	44.76	46.72	45.77	45.35
Britain	39.29	38.23	38.10	36.53	37.27
Italy	23.12	25.44	25.42	24.30	23.14
Mexico	9.46	11.49	14.86	15.19	15.94
Brazil	9.10	11.14	12.60	12.08	12.34
Argentina	26.87	29.81	33.45	31.99	32.81
Egypt	2.97	3.80	4.78	5.33	5.27
India	2.19	2.38	2.57	2.67	2.77
Thailand	3.83	4.36	4.57	4.65	4.87
Japan	27.56	28.60	29.67	28.45	28.15
Other	14.12	15.59	16.76	16.61	16.62