Recovery weaker than 1934

In terms of increased employment of goods-producing workers, and output of basic industries.

Between 1933 and 1934, the goods-producing labor force, according to government statistics, is said to have increased by 1.25 million or 13.9 percent. By contrast, the increase in goods producing employment between October 1982 (the supposed trough of the "recession") and October 1983 (the latest high point of "recovery") was 903,000, or 3.8 percent.

In 1933 the total number of employed workers was 23.7 million, of which 8.9 million were employed in mining, construction, and manufacturing, the goods-producing industries. In the following year, 10.2 million workers held goods producing jobs, an increase of 13.9 percent.

Examining the Establishment Data published by the Bureau of Labor Statistics, *EIR* found that in the year from October 1982 to October 1983, total goods producing workers increased from 23,651,000 to 24,554,000, an increase of 903,000 or only 3.8 percent. Although the goods-producing work force is two and half times as large today, the "recovery" in goods-producing employment today is less in absolute numbers than it was in 1933-34, and in percentage terms, less than one third as much.

The October Bureau of Labor Statistics figures show that the post-1979 decline of the U.S. economy was slowed, not reversed, in 1982-83. Of the 903,000 gain in goods-producing employment, 700,000 jobs are directly attributable to the modest increases in auto and housing production in 1983 compared to 1982.

All but one other industry, electrical and electronic equipment, which rose 6.7 percent, are in the same state of collapse they were in October 1982, the supposed trough of the "recession." Employment in each of the following industries increased or decreased less than 4 percent, an insignificant change: mining, primary metal industries, fabricated metal products, non-electrical machinery, instruments and related products, miscellaneous manufacturing, food and tobacco, paper and allied products, printing and publishing, chemicals and allied products, petroleum and coal products, and leather and leather products, textiles and apparel.

The extremely weak rise in goods-producing employment is confirmed by readings of various basic industries. Steel, the basic material of all capital goods is badly depressed—by the end of 1983 the industry will have shipped 67 million tons, only 8 million tons more than 1982. (In 1979 the mills shipped 103 million tons.)

Because the industry increased production of cheaper-grade steels in 1983 than in 1982, and because of price cutting, sales of steel in the first half of 1983 (during the "recovery") were $23.0 billion, *down* 23 percent from the $29.7 billion sales in the first half of 1982.

Between September 1982 and September 1983, employment of steel production workers declined from 173,000 to 171,000.

Ironically, the steel industry's depression cannot be blamed on imports which for the first nine months of the year had declined 10.8 percent from the same period the year before.

Despite the jump in tire manufacturing employment, the industry will produce no more than 200 million truck, bus and car tires this year, compared to 216 million in 1979 and 230 million in 1978.

Synthetic rubber production for 1983 will be two million metric tons, far below the 2.7 million metric tons produced in 1979.

The Department of Energy reports that industrial (non-steel) consumption of coal will be nearly the same as the 1982 figure, 63.5 billion tons. The consumption of coking coal for the steel industry will fall from 40.9 billion tons in 1982 to about 39 billion tons in 1983.

Overall, coal production will drop by about 45 billion tons, due almost entirely to the export collapse.

Oil, the nation's other major fuel and feedstock for chemicals remains flat, as does the output for the entire chemical industry.

There are those who may dispute the very notion of a 1934 "recovery"—although back then it was so described. That a 3.8 percent rise in 1983 goods-producing employment (compared to the 13.9 percent in 1934) can be parlayed into what *Business Week* magazine continues to call a "robust recovery" attests to the power of propaganda over reality. But certainly the following will strain the public credibility:

The Federal Reserve Board Index of Industrial Production for October 1983 claims that at 154.8 (1967 = 100), U.S. industrial output is now at an all-time high.