



Government Productivity Statistics Real? Fabricated? Insular?

Announcements of incredible increases in U.S. worker productivity warm the hearts of many, particularly Wall Street. “Wonderful news,” “productivity increases hold inflation in check,” “stock buying opportunity,” ad nauseam.

Something is amiss. In the histories of highly successful civilizations, several repetitive occurrences invariably appear near the end of each one’s ten-generation cycle; short weight, inflation, adulteration. Adulteration makes the news and the dangers are detailed when feces in ground meat products are added to the weight. Short weights and inflation receive less publicity, but attention is growing.

By its very nature, anecdotal evidence is summarily dismissed by experts. How about some anecdotal questions? I live 50 miles north of Houston, Texas. FedEx eliminated Saturday and Priority Overnight delivery to certain previously covered rural areas without notice to account holders. Further FedEx changed their local box pickup time from 4:00 to 3:00 p.m. I expect these changes occurred across rural America. Thus, delivery time per driver increased. A one-time gain in FedEx’s productivity?

Dannon yogurt cut container size from 8 to 6 ounces. With this change, each one million run of 8 ounce containers increased to 1.33 million for 6 ounce containers without increasing the total original content weight. A 33% gain in productivity? For Dannon, for their container supplier, for both?

The *Houston Chronicle* eliminated its Saturday “Homeline” (36 pages new home supplement) for subscribers located an hour’s drive from Houston. (It is doubtful that the *Chronicle* informed greater Houston homebuilder advertisers of this change.) Further, the *Chronicle* increased the number of rural customers per carrier so that 7-7:30 a.m. delivery moved to 9-10:00 a.m. delivery. Gains in the *Chronicle’s* productivity?

Cutting portions, whether in products or services, rather than raising prices hides inflation; it does not increase productivity. This applies to FedEx, Dannon, and the *Houston Chronicle*, just three of many. Without doubt each reader can list dozens of short weights and price manipulations that cover up inflation.

As sad as it is, allowing millions of illegal immigrants worldwide to openly live and work in the U.S. for lower than normal wages might show a tiny gain in per-hour worker productivity. Worse, for American workers, the mass movement of manufacturing of apparel, high tech products, small appliances, etc., to foreign countries with fewer or no labor laws and cheaper labor costs could be touted by corporations as gains in productivity.

Record keeping of export/import statistics began in 1790 for U.S. international trading activities and continues today. Productivity gains and trade surpluses go together as do productivity losses and trade deficits.

ODOM'S RAZOR

Government Productivity Statistics, *Continued...*

U.S. international trade deficits make a sham of “worker productivity gains.” If the extraordinary productivity gains were real, our country would have a surplus trade balance rather than heading toward the 45.8% trade deficit of 1940, the worst in modern times. However, most Americans gorge themselves with reports of “feel good” statistics.

A reminder of past trade surpluses combined with increased productivity:

- The first two decades of back-to-back U.S. trade surpluses were 1879 through 1899. The aggregate value of all manufactured goods more than doubled, as did the volume of industrial production, the number of workers employed in industry, and the number of manufacturing plants. During that period the U.S. passed Great Britain in iron and steel production and had more than 25% of the world pig iron market.
- Three years, 1943, 1944, and 1945 had trade surpluses of 271.1%, 277.4%, and 135.9%, still the records for the greatest annual trading surpluses in American history.

During those eras worker productivity was measured in material results, not meaningless monthly measurements.

Today an insular U.S. is reminiscent of an isolated South Sea island economy based solely on each family taking in laundry from a neighbor. Imagine electricity arriving on the island and each family installing a washer and dryer. Productivity would soar!

A historical cause and effect for America's greatness and decline is set forth in *Mothers, Leadership, and Success* (1990). A harsh look at America today and a conjectured, sometimes satirical, future is offered in *America's Man on Horseback: A Fable?* (1998), and its Spanish translation, *El nuevo conquistador de México: ¿Una fábula?* (1999).

From the “Introduction” of *America's Man on Horseback: A Fable?* (publication, Spring 1998): “Today President William Clinton sits in the Oval Office, inflation is ‘under control,’ and the stock market regularly sets new highs. (In spite of this, more than a few sophisticated investors, particularly older ones, realize that no stock market rises forever.)...America, with its modern communications, resplendent technology, conspicuous wealth, and the ‘safety’ of mutual fund investments, which most Americans believe make ‘today’ so much different and better than ‘yesterday’...But over time and without fail, public opinion does change.”

Fall 2002 public opinion has changed little from Spring 1998. Americans are preoccupied with what they are personally doing and pay little more than lip service to corruption surrounding them. Up to now real anger has not surfaced. Drastic changes in public opinion have yet to come.