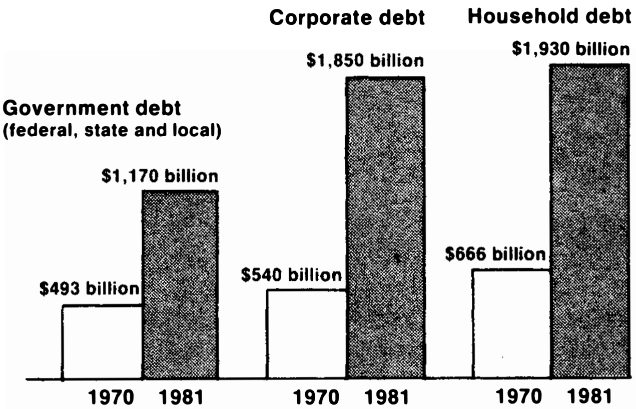
Figure 4

U.S. public and private debt



1970 total = $1,699 billion 1981 total = $4,950 billion

Source: U.S. Federal Reserve Board, "Flow of Funds"

To arrive at another debt measure, consider the amount of household debt distributed among all Americans. If the amount of consumer plus household mortgage debt for the whole economy is divided by the population size for a given year, the results are: 1971: $2,541 owed per person; 1976: $4,008 owed per person; 1981: $6,944 owed per person.

As for corporate debt, in the 1950s about 10 percent of all new non-financial corporations' debt went to pay accrued interest. By the 1970s, this ratio was up to an average of 40 percent! But in 1981, with interest rates averaging 17.5 percent for the first nine months, in the first quarter the amount of new interest due was greater than the amount of new debt contracted—meaning that corporate treasuries had to be looted to make up the difference. For the first three quarters of 1981 taken as a whole, new interest debt service was $49.0 billion and new debt contracted was $81.8 billion—nearly 60 percent of all new money borrowed by corporations went just to pay new interest.

Back on the household side, the increase in the amount of new debt contracted to pay new interest also increased, from an average of 5 to 10 percent in the 1950s to a staggering 39.2 percent in the first nine months of 1981.

Under Volcker's high interest rates, investment in productive industry becomes impossible; real estate and currency speculation and other quick-buck schemes become the only form of profitable activity; paper values expand at unheard-of rates while the productive economy is dismantled; and the only question is when, not whether, a hideous crash more devastating than that of the 1930s occurs.

Basic industries are already being taken apart:

- **Lumber:** 25 percent decline in output since 1979.
- **Steel:** 22 percent decline in finished steel production since 1979.
- **Auto:** 35 percent decline in production since 1978.
- **Housing:** 42 percent decline in new home starts since 1978.
- **Farming:** 42 percent decline in farm income since 1979.

The case of the black American worker

The decay of the United States toward a "post-industrial society" and its devastating impact on our nation's population has become most clearly visible in the case of the black American worker.

The erosion of the economy

From the end of World War II until the mid- to late 1950s, the economy was oriented to manufacturing-centered growth, as is most dramatically illustrated by the increased labor-force participation rate of the black worker, the lowest-paid worker in the economy. From a rate of less than 80 percent in 1945, the black male worker's rate of participation in the labor force rose to 85 percent by 1953, a rate just 0.4 percentage points below the rate of the white male. The black worker, it is true, was primarily employed in unskilled to semi-skilled jobs, but he was prepared to move upward in skill level as the economy expanded. Steel, auto and many other basic industries were primary means of employment for black Americans.

With the shift from basic goods-producing manufacturing and agriculture to the post-industrial era, the participation rate of black male workers in the labor force tumbled. By 1960, the black participation rate was down to 83.0 percent; by 1970 76.5 percent; and by 1980 70.8 percent, a rate 20 percent lower than in 1953. The black male unemployment rate went from 4.8 percent in 1953, to 8.2 percent in 1970, to 13.3 percent in 1980.

To the extent that new manufacturing jobs were not created, unskilled workers could not be assimilated into the labor force. When job opportunities dropped in the 1960's and black neighborhoods were deliberately flooded with drugs and transformed into ghettos, the black male went from unskilled worker to permanently unemployed 'useless eater' slated for extermination.