

# From worker to yuppie: What happened to America's labor force?

by Laurence Hecht

The effect of the long-term decline of the dollar system on the U.S. economy is nowhere more evident than in the collapse of the standards of living of working people, and the growth of a large population of permanently or chronically unemployed.

The collapse of real wages (that is, the real buying power of the weekly paycheck) has been scandalous. When measured in terms of the buying power of the dollar in constant 1957-59 dollars, we see a long-term decline in the gross weekly earnings of nonsupervisory workers, dating from about 1972, to below 1959 levels (**Figure 1**). From the prosperous years of the 1960s and 1970s, when the weekly gross wage reached over \$90 in 1957-59 values, the gross wage declined steadily. Its peak was \$93.59 in 1972. From there it fell to \$86.95 in 1975, recovered slightly in 1978 to \$89.27, and then began a steady descent to present levels. In 1991 we went below the 1959 level of \$77.62.

To pin the collapse on one party or another, as the electorate is presently being encouraged to do, is only an exercise in childishness. The problem has been the policy outlook of *post-industrial society* adhered to by every administration, Democratic or Republican, since John F. Kennedy.

Today's depression had its roots in Lyndon Johnson's Great Society program, with its phaseout of the space program, the high-technology science driver of the 1960s industrial boom, on the pretext of helping the poor. It continued with the Phase I, II, and III austerity policies of the Nixon administration, which lacked even pretext. It accelerated with the high-interest rate policy of Jimmy Carter's Federal Reserve Chairman Paul A. Volcker, who defended the Council on Foreign Relations' *Project 1980s* proposal for the "controlled disintegration" of American industry. Under Carter, the industrial economy collapsed, while the narcodollar replaced the Eurodollar and petrodollar as the leading force in world financial markets.

By 1982, what remained of American industry was in collapse and the entire financial system in a state of bankruptcy. Though Reagan at that crucial juncture looked briefly at the proposal for international financial reorganization and industrial recovery, put forward in Lyndon LaRouche's *Operation Juárez* proposal, saner heads did not prevail. Instead,

under advice from Henry Kissinger and the London and Wall Street interests allied with Kissinger's piggybank David Rockefeller, an orgy of speculation, which came to be known in banking circles as "creative financing," was unleashed.

What Reaganomics meant in practice was the elimination of every regulative barrier against financial speculation which had been legislated in the wake of the last Great Depression. Virtually every one of the "built-in stabilizers" which economics texts of the postwar period had taught would protect us against another depression were eliminated or made dysfunctional. What followed was a wave of speculation in real estate, in junk bonds and margin purchasing, in off-balance-sheet liabilities and offshore boondoggles, and in every conceivable form of financial instrument and secondary and tertiary markets.

The resulting financial boom carried the Dow Jones to new highs, and even created a new sociological class, the "yuppie" ("yumpie," "guppie," or "grumpie"), the greedy, upwardly mobile, middle-class professional, whose desire for a new BMW with quad sound, outweighed morality or other trivial concerns such as the well-being of his fellow man. But not all yuppies were young. Yuppie morality came to dominate political and economic decisionmaking at all levels.

While the yuppie, with his concern for the environment, at least his own, became the "reality" of the marketplace, the industrial worker was fast becoming an endangered species. Over 1 million industrial jobs disappeared just in the course of the 1970s, while the labor force grew by over 20 million.

## Assault on the unions, science

The aggravated assault on the trade unions, symbolized by Reagan's crushing of the air traffic controllers union, PATCO, in 1982, meant the end of any organized resistance to the deindustrialization and austerity policies from the organized labor movement. Not that the Trilateral Commission's Lane Kirkland, at the helm of the AFL-CIO, had made much of an attempt to rally even his own union members in a fight against the policy which was destroying their livelihoods as well as the rest of America's. Union membership, which had fallen from 28.4% of the work force in 1965 to 21.9% in

1980, collapsed to 16.4% in 1989. The steady erosion of real wages went with it. Many people were thinking like yuppies, but few were living like them. What had gone wrong?

The way had been paved for an open assault on scientific progress, industrial society, and modern industry itself, by the institution of the Environmental Protection Agency in 1969 and the passage of the Clean Air Act of 1970. Rather than promote the modernization of America's aging industrial base, which had always led to the introduction of cleaner and more efficient production methods, science—and its fruits, modern industrial technology—became the enemy. The new laws put some industrial concerns into bankruptcy, and forced the channeling of investment capital and engineering know-how into cleverer smokestacks and combustion systems.

Meanwhile, through well-publicized scare scenarios, and an insidious infiltration of malthusian ideology into the school systems, the American people were organized into a "green" mob. As the Jacobin leader had said on leading France's great scientist Antoine Lavoisier to the guillotine under the Reign of Terror, "The revolution has no need for science."

In 1972, Environmental Protection Agency Administrator William Ruckelshaus banned DDT, after seven months of hearings had been unable to establish even one iota of scientific evidence against the lifesaving pesticide. "DDT is not carcinogenic, mutagenic, or teratogenic to man [and] these uses of DDT do not have a deleterious effect on fish, birds, wildlife, or estuarine organisms," the EPA hearing examiner concluded. But Ruckelshaus overruled the recommendation of his hearing examiner to not ban the chemical, announcing unabashedly that his decision was made for "political reasons." Thus began the pattern of administrative decisions on environmental policy made on the basis of public perception—itself carefully manipulated by the anti-science mob in foundations and media—not scientific evidence. From asbestos to alar, the environmental hoaxes proliferated, each one targeting a particular branch of U.S. industry or agriculture.

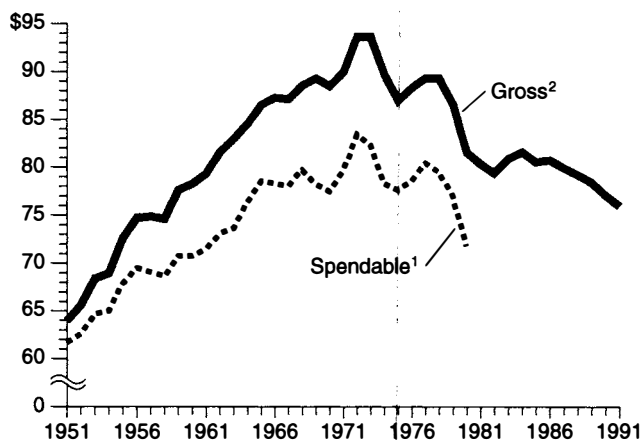
There followed the great oil hoax of 1973. The alleged threat of shortage of fossil fuels became the watchword for the assault on the automobile and utility industries. The 1975 Energy Policy and Conservation Act attempted to rewrite the laws of physics itself. Overturning decades of sound transportation engineering which had measured vehicle performance in *ton-miles per gallon*, the energy misers mandated a drastic improvement in average fleet performance for each automaker, to be measured only in *miles per gallon*.

To meet the legal requirement, Detroit downsized and turned out a vehicle which year by year became flimsier, less durable, and more deadly to its occupants in a crash situation than comparable large cars. The proportion of large cars declined. To meet the fleet average performance standards, the manufacturers had to sell more smaller autos. But even

FIGURE 1

### Average weekly earnings of production or non-supervisory workers on non-agricultural payrolls

(constant \$)



<sup>1</sup> In 1958 dollars, for worker with three dependents (series ends 1980).

<sup>2</sup> In 1957-59 dollars, adjusted for overtime.

Sources: U.S. Department of Labor, Bureau of Labor Statistics, computer data; *Economic Report of the President*, 1968, Table B-32, Table B-45; *Ibid.*, 1992, Table B-42.

the dwindling population growth rate—which fell below breakeven in the 1980s—could not keep pace with the legislated decline in car size. And no one could figure out how to squeeze a family of five into one of the new cars and still keep the marriage intact on a long trip. So the family car or station wagon became a "passenger van." Since the proliferation of this new type of vehicle had not been contemplated by the legislators, it was exempt from certain of the performance—and safety—requirements earlier imposed.

### Energy utilities in the cross-hairs

The assault on the utilities was more blunt. For the coal-burning plants there was the never-proven threat of "acid rain," allegedly converting the lakes of the Adirondacks and New England region into funeral homes for the fish and aquatic life. Though the high acidity in many lakes was shown to be due to peat bog soil, beaver dams, and local sources, the cure, which should be comprehensible to any high school chemistry student, is application of lime or other alkaline agents. At a few dollars a sack, the method is effective and economical. Instead, expensive scrubbers and other pollution control devices became required equipment on coal-burning plants and factories as well. Many steel producers responded in Darwinian fashion: They went belly up.

To the extent that coal burning is unpleasant, environmentally sound solutions were available. In the early 1970s, the U.S.A. had a lead in two technologies that were relevant



*In 1980, author Laurence Hecht (right) conducted a series of interviews with homeless men in New York City's Bowery district. "Even the average Bowery bum knew that Volcker's policies were going to put everybody on Skid Row," he said.*

to the problem. Magneto-hydrodynamics, or MHD, is a means of extracting electricity from coal, among other sources, at twice the efficiency of the old-fashioned method of boiling water to produce steam. The coal is fully combusted at high temperature, and the electrical energy is extracted directly from the ionized gas. The technology was a spinoff of research on thermonuclear devices in the postwar period. In 1966 Avco Everett Research Laboratory and American Electric Power Services Corp. raised \$13 million to begin construction of a 14 megawatt (MW) pilot plant. But the Johnson administration Department of the Interior failed to come through with an additional \$10 million, and the project collapsed.

After the 1973 oil embargo, government attention turned again to MHD. In 1974, President Gerald Ford signed into law a bill introduced by Sen. Mike Mansfield of Montana to begin plans for an MHD Engineering Test Facility. A June 1975 report of the federal Office of Coal Research called for a commercial demonstration in an Engineering Demonstration Plant to be connected to a utility grid by 1985. Under the leadership of Dr. William Jackson, the Energy Research and Development Agency (ERDA), planned a development facility for testing key components, which was to be on line in Butte, Montana, by 1978. A 250 MW thermal Engineering Test Facility was planned for 1982, and a 1,000 MW Com-

mercial Demonstration Plant, delivering power to a utility system, was planned for 1989. Electric utilities could then start to order MHD power plants. Just as momentum was building, the Carter administration's first secretary of energy, James Schlesinger, in one of his first acts, removed Dr. Jackson as manager. Review followed review, and the program stalled out, never to be revived at a viable level of funding. Japan now leads the world in a bold approach to MHD applications, with development of an MHD-powered ship well under way.

The nuclear industry was the next target. In 1979, a non-life-threatening mishap at the Three Mile Island nuclear generating station south of Harrisburg, Pennsylvania, was turned into a World War III scare story by the obliging media. Headlines proclaiming the release of "radioactive gas clouds" proliferated. Local populations were evacuated. Analysis showed that exposure to the minute amounts of radioactive material released through the plant's smokestack would be significantly less than the dose from one chest X-ray, for a hypothetical person standing outside, 24 hours a day, in the restricted area immediately around the plant, for the entire duration of the incident. Diffusion through the air would make the exposure for a nearby resident immeasurable. An independent blue-ribbon panel of physicists, nuclear engineers, and safety experts which formed to investigate the mishap found a high likelihood of premeditated sabotage to be a probable cause.

Very few Americans heard of these results. But the U.S. nuclear industry was dead. With it, the most immediately available source of clean, abundant, and cheap energy to power an industrial recovery was also killed. France, Japan, and other nations where more rational policies prevailed took the lead in nuclear power development away from the country which had developed the peaceful application of atomic energy out of a wartime crash project.

### **Industrial worker, an endangered species**

Downsized, greenwashed, and, in many cases, impoverished, America's formerly industrial work force swallowed the bitter pill of deindustrialization and sought jobs elsewhere.

Some found work in the newly growing "service-producing sector," as the Labor Department's oxymoron categorizes that portion of the labor force which sane national accounting includes in the category of overhead costs. From 1961 to 1989, the goods-producing portion of the non-farm work force declined from 36.8% to 23.4% of the total civilian labor force. Over the same time period, the service sector increased from 63.2% to 76.6%. The goods-producing sector, as tallied by the U.S. Department of Labor, includes jobs in manufacturing, mining, and construction. The service sector includes: transportation and public utilities; wholesale trade; retail trade; finance, insurance, and real estate; services; and government.

Another way of looking at it is to think of the work force in the goods-producing industries, plus the farm population, as those who produce the food, clothing, shelter, and other tangible wealth that keeps people alive and allows families to grow. Counting in the agricultural work force, the division between goods production and services comes to about 25% production to 75% services for 1989. So, discounting imports, only one-quarter of the population is producing the tangible goods which they and all the rest consume. Twenty years earlier, in 1968, it was about 35% production to 65% services.

If we look at the manufacturing sector, the picture is worse. In 1968, the manufacturing work force was about 19.1% of the total. By 1989 it had slipped to only 11.3%. The cause was rarely modernization of the factories and introduction of new labor-saving technologies. In most cases, the factories just shut down. Over the two decades, 1.2 million manufacturing jobs disappeared, though the American population had grown by almost 50 million. The only portion of the goods-producing work force which grew over the period was construction, which increased by 1.2 million workers. However, the greater portion of these workers were not building homes or factories, but office buildings and commercial space to house more service workers—or to build up the huge glut in unrented office space that we find in our large cities and suburban shopping centers today.

## Statistics and 'politics'

But not everyone found a new job, or kept it. While this change in the nature of the American work force from producer to servicer was going on, a few economists and statisticians in government offices were finding new ways to hide the decline from public view. It might seem as if it would be difficult to hide from a person the fact that he doesn't have a job, or can't support his family properly. If you think so, you obviously don't understand "politics."

"Politics" works like this: A voter is hit by a car. Bleeding and in pain from broken bones, the voter drags himself home and into his favorite easy chair, where he is able, with great pain and exertion, to reach the remote control tuner for the television set. After a few of his favorite late-afternoon shows, it comes time for the news. Upon seeing the tragic report of his accident presented by his favorite anchor man, the voter concludes that it is time to call an ambulance.

In September, the official unemployment figure reached 9.5 million, which is a lot of people. But over 6 million more people were out of work, hoping to find a job. And the government knew it. The Bureau of Labor Statistics finds out this number four times a year from household surveys, and reports it in the monthly statistical report, *Employment and Earnings*. Another 6.3 million people had only part-time jobs, because they couldn't find full-time ones, or because their full-time positions were reduced to part-time. Altogether there were over 22 million people either out of work or

forced into part-time work in September, according to the Labor Department surveys. This total never fell below 21 million in all of 1991.

How does the government fail to count as unemployed over 6 million people who show up in surveys saying that they "want a job now"? This is nothing new. It has been going on since 1970, though the number has been steadily increasing. To qualify as unemployed, a respondent in the sample group of 57,000 surveyed each month must mention a specific effort he or she made to find a job in the last four weeks. (Prompting by the survey taker is explicitly forbidden. And you do not get to speak for yourself—the survey taker gets the information from whoever in your household happens to be home at the time.)

That's the outright fraudulent part of the government's statistics. Other factors mask the severity of the situation. The largest hidden factor in both the unemployment and wage statistics is the size of the labor force. As a percentage of the total working age population, the labor force is larger now than at any time in history. About two-thirds of the total population is included in the total civilian labor force. The unemployment rate is calculated as a percentage of the total civilian labor force, so if the total is larger, the percentage of unemployed appears smaller.

## 'Latchkey' families

The huge size of the civilian labor force reflects a number of things. The decline in real wages over the past two decades has meant that very few families can support themselves adequately with only one person working. The number of working wives has increased steadily since the 1950s, and especially markedly in the past two decades. In part, this masks the decline in real wages since the 1972 highpoint, since the two incomes may add up to more than a family was making when only the husband was working. Or it may not.

Though income may be higher, the need for both parents to work puts obvious strains on the family. A growing number of people have to work two jobs to make ends meet, if they can find them. Some of the people losing jobs are people with second jobs. This can create a situation where statistics show more jobs being lost, but not more unemployment. Families are also breaking up at a rapid rate. Therefore, there are more single-person households than ever before.

All these elements increase the size of the total civilian labor force and mask the problem. More people are working, but at what? Are their jobs producing more wealth for the nation? The steadily declining buying power of their wages does not suggest it, nor does the state of most of our cities and towns, our roads and bridges, or our disappearing factories and farms. So, we have tolerated a wrongheaded policy of de-industrialization for most of the past two decades. What do we do now? The answer is surprisingly simple. There are only two ways to go after de-industrialization. Either you re-industrialize, or you collapse.