



Untrue Beliefs

Just do the math: The end of 2001 was the first year of the decade; the end of 2002 completed the second year and so forth. The end of 2009 completes the ninth year and the end of 2010 completes the 10th year and the end of the decade. One minute after midnight Jan. 1, 2011 begins the second decade of the third millennium.

Many reporters and talking heads will read this column and will still refer to 2010 as the new decade. My question: What is the most suitable characterization we can give them? I think it's the same characterization we would make of a person who's shown that an object is white and he insists upon calling it black — stupid. Then there's the person who agrees that 2010 does not begin the next decade but prefers to say it's the next decade anyway. For that person, reality is optional. Then there's the person who steadfastly holds that 2010 begins the next decade because that's what most people believe. He might be a politician.

Politicians, businessmen and labor union spokesmen have whined about the decline in U.S. manufacturing. Before looking into what they say is the sad decline in U.S. manufacturing, let's examine what has happened in agriculture. In 1790, farmers were 90 percent of the U.S. labor force. By 1900, only about 41 percent of our labor force was employed in agriculture. By 2008, less than 3 percent of Americans are employed in agriculture. What would you have Congress do in the face of this precipitous loss of agricultural jobs? One thing Congress could do is outlaw all of the technological advances and machinery that have made our farmers the world's most productive. Our farmers are so productive that if needed, they could feed the entire world.

Let's look at manufacturing. According to Dr. Mark Perry's Department of Labor employment data, in his article "Manufacturing's Death Greatly Exaggerated" (<http://blog.american.com/?p=8593>), U.S. manufacturing employment peaked at 19.5 million jobs in 1979. Since 1979, the manufacturing workforce has shrunk by 40 percent and there's every indication that manufacturing employment will continue to shrink. Before you buy into the call for Congress to do something about manufacturing job loss, there are some other facts to be considered.

According to the Federal Reserve, the dollar value of U.S. manufacturing output in November was \$2.72 trillion (in 2000 dollars). Today's manufacturing worker is so productive that the value of his average output is \$234,220. Output per worker is three times as high as it was in 1980 and twice as high as it was in 1990. For the year 2008, the Federal Reserve estimates that the value of U.S. manufacturing output was about \$3.7 trillion (in 2008 dollars). If the U.S. manufacturing sector were a separate economy, with its own GDP, it would be tied with Germany as the world's fourth richest economy. The GDPs are: U.S. (\$14.2 trillion), Japan (\$4.9 trillion), China (\$4.3 trillion), U.S. manufacturing (\$3.7 trillion), Germany (\$3.7 trillion), France (\$2.9 trillion) and the United Kingdom (\$2.7 trillion).

These facts put a lie to claims we hear about how we are a country that "doesn't produce anything anymore," and how we have "outsourced our production to China," and there's been a "demise of U.S. manufacturing." U.S. manufacturing has gone through the same kind of labor-saving technological innovation as agriculture. Should we discard that innovation in the name of saving jobs?

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