Nixon's phase two depends on nation's productivity

By JON LOWELL
Newsweek Feature Service

As phase two of the Nixon wage and price control program begins, the key to success lies in a single golden economic rule--productivity.

"The stakes are high," the President has said. "Improvement in our levels of living . . . depends on productivity gains. They are the key to a better life for the American workingman and his family."

As economic concepts go, productivity is simple and obvious. It is the measurement of how much a worker can produce in a given amount of time. But tied to wage increases, as the Nixon Administration presupposes, it marks nothing less than the difference between a healthy and a sick economy.

When industry increases its productivity, it can increase wages and remain profitable and competitive with foreign businesses. But when it does not sufficiently raise productivity and still raises wages--as has been heppening lately in the U.S.--the result is recession, and perhaps worse.

In the simplest terms, if a worker in a candy factory increases his production from eight to 10 lollypops per hour, he can have a wage increase and the lollypops can still be sold at the old price or even less.

In effect, that's what was happening when times were good during the early 1960s. The productivity of U.S. industry rose 4.3 per cent per year and the 3.7 per cent rise in wages was easily absorbed. As a result, there was relative price stability.

But in the last five years of the 1960s, there was a slower increase in productivity (2.1 per cent per year), a marked advance in wages (6 per cent annually) and inflation increased to dangerous levels.

"Since the 1959 model introduction, labor costs have risen 115 per cent," says General Motors Corp. president Edward N. Cole. "These increases simply have to be matched by increases in productivity if America's industry is to remain healthy and strengthen its competitive capabilities."

The competition, of course, is coming from America's friends. In the past five years, Japan and the industrialized West European countries have vastly increased their productivity rates. Indeed, West Germany's is now more than twice that of the U.S. and Japan's is nearly seven times higher.

The result of this disparity, along with the Vietnam war drain, is the present rickety state of the American economy. And if raising productivity is, in fact, the key to renewed prosperity, there are profound difficulties ahead.

For one thing, the classic way to improve productivity--increased mechanization--is no longer easy in the diverse trillion-dollar American industrial plant. The cost of new machinery, like everything else these days, is very high. And many people, including most labor-union leaders, fear that mechanization will bring on still more unemployment.

The growth of "service" industries also plays a part since productivity in these is much more difficult to stimulate. It is, for example, relatively easy to build a television set faster but considerably less easy to repair it more quickly.

Some of the new forces in society also work against increasing industrial productivity. Nowadays, industry is being driven to invest in pollution controls and safety measures, many of which may be of great benefit to the well being of the workers but of little immediate help in raising the amount of work they do.

Finally, the working force itself is a problem. The simple fact is that the attitude of the American worker has changed. There is more sloppy work being done today than ever before and absenteeism is a serious problem.

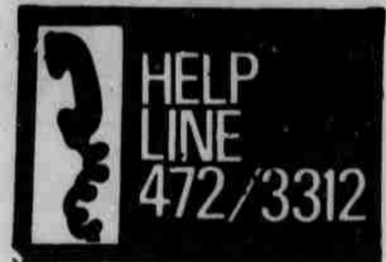
Moreover, there is no clear pattern in the absenteeism. Workers who simply take the day off fit no particular age group or manufacturing operation or geographical area.

Even at GM's new Vega plant in Lordstown, Ohio, where many of the more menial jobs have been automated, the absentee rate remains high. Extensive sound-deadening, expanded open spaces and the redesigning of dozens of jobs to make them less physically demanding have scarcely lessened the problem.

Management, too, has been faulted for the slide. United Auto Workers president Leonard Woodcock accuses U.S. manufacturers, and automakers in particular, of having "lost their will to compete" and merely trying to join foreign competitors instead of attempting to outproduce them.

"The current situation is nothing unusual in the United States," says Woodcock. "Any time you have a recessionary period, productivity drops." And he adds: "It is all a reflection of the general discontent that goes through the whole society."

To an extent, GM'S Cole agrees. "In the final analysis," he says, "it is not machines but people on whom our future must depend."



Delta Sigma Pi withdraws from IFC

Inter-Fraternity Council (IFC) President Dennis Confer called the withdrawal of Delta Sigma Pi fraternity from IFC "unfortunate."

"I understand and respect their feelings to withdraw," Confer said. Delta Sigma Pi recently informed IFC they were leaving the campus organization.

Bob Lenzen, president of Delta Sigma Pi, said the fraternity is not dissatisfied with the concept of IFC but with its basic program.

"We are a professional business fraternity," Lenzen said. He felt more could be gained by working with the College of Business Administration than IFC.

"Our house just didn't think we could get enough out of IFC," Lenzen added.

The final decision to leave IFC came, according to Lenzen, at a house meeting.

"The fraternity system profits by working as a group to gain common goals and ideas," Confer said. He said he regrets Delta Sigma Pi's decision.

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