

(Describing Photo Not Shown) A worker walks through the dormitory area of a Foxconn factory in China, which makes computers for Dell and Hewlett-Packard, Microsoft Xbox 360 consoles, and other gadgets.

Recently an acquaintance at the next table in a Palo Alto, Calif., restaurant introduced me to his companions, three young venture capitalists from China. They explained, with visible excitement, that they were touring promising companies in Silicon Valley. I've lived in the Valley a long time, and usually when I see how the region has become such a draw for global investments, I feel a little proud.

Not this time. I left the restaurant unsettled. Something did not add up. Bay Area unemployment is even higher than the national average. Clearly, the great Silicon Valley innovation machine hasn't been creating many jobs unless you're counting Asia, where U.S. tech companies have been adding jobs like mad for years... The underlying problem isn't simply lower Asian costs. It's our own misplaced faith in the power of startups to create U.S. jobs. Americans love the idea of the guys in the garage inventing something that changes the world.

New York Times columnist Thomas L. Friedman recently encapsulated this view in a piece called "Start-Ups, Not Bailouts." His argument: Let tired old companies that do commodity manufacturing die if they have to. If Washington, D.C., really wants to create jobs, he wrote, it should back startups.

Friedman is wrong. Startups are a wonderful thing, but they cannot by themselves increase tech employment. Equally important is what comes after that mythical moment of creation in the garage, as technology goes from prototype to mass production. This is the phase where companies scale up. They work out design details, figure out how to make things affordably, build factories, and hire people by the thousands.

Scaling is hard work but necessary to make innovation matter. The scaling process is no longer happening in the U.S., and as long as that's the case, plowing capital into young companies that build their factories elsewhere will continue to yield a bad return in terms of American jobs...

Scaling used to work well in Silicon Valley. Entrepreneurs came up with an invention. Investors gave them money to build their business. If they were lucky, the company grew and had an initial public offering, which brought in money that financed further growth... As time passed, wages and health care costs rose in the U.S. China opened up. U.S. companies discovered that they could have their manufacturing and even their engineering done more cheaply overseas. When they did so, margins improved. Management was happy, and so were stockholders. Growth continued, even more profitably, but the job machine began sputtering.

The 10x factor

Today, manufacturing employment in the U.S. computer industry is about 166,000, lower than it was before the first PC, the MITS Altair 2800, was assembled in 1975. Meanwhile, an effective computer-manufacturing industry has emerged in Asia, employing about 1.5 million workers.

The largest of these companies is Hon Hai Precision Industry, also known as Foxconn. The company's revenues last year were \$62 billion, larger than Apple or Intel. Foxconn employs more than 800,000 people, more than the combined worldwide head count of Apple, Dell, Microsoft, and Hewlett-Packard.

Until a recent spate of suicides at Foxconn's giant factory complex in Shenzhen, China, few Americans had heard of the company, but most know the products it makes: computers for Dell and Hewlett-Packard, Nokia, cellphones, Microsoft Xbox 360 consoles, Intel motherboards, and countless other familiar gadgets.

Some 250,000 Foxconn employees in southern China produce Apple's products. Apple, meanwhile, has about 25,000 employees in the U.S. That means for every Apple worker in the U.S. there are 10 people in China working on iMacs, iPods, and iPhones. The same roughly 10-to-1 relationship holds for Dell, disk-drive maker Seagate Technology, and other U.S. tech companies.

You could say, as many do, that shipping jobs overseas is no big deal because the high-value work and much of the profits remain in the U.S. That may well be so, but what kind of a society are we going to have if it consists of highly-paid people doing high-value-added work and masses of unemployed? Since the early days of Silicon Valley, the money invested in companies has increased dramatically, only to produce fewer jobs. **Simply put, the U.S. has become wildly inefficient at creating American tech jobs.**

After twelve generations of lavish living at the expense of the rest of the world, it is understandable that citizens of the so-called developed countries have come to consider it quite normal. In fact, Americans expect it to become plusher in the future, increasingly chocked with techno-gadgetry, whiz bang processed foodstuffs, automobiles, entertainments, inordinately large living spaces — forever.

We've had plenty of encouragement, especially in recent times. Before our hyper-monetized economy metastasized, things such as housing values went through the sky, and the cost of basics, food, etc. went through the basement floor, compared to the rest of the world. The game got so cheap and fast that relative fundamental value went right out the window and hasn't been seen since.

Such is the triumph of the money economy that nothing can be valued by any other measure, despite that nobody knows what money is worth at all these days. This is due in part to the international finance jerk-off, in which the world's governments print truckloads of worthless money so they can loan it out. The idea here is that incoming repayment in some other more valuable currency will cover their own bad paper. In turn, the debtor nations print their own bogus money to repay the loans. So you have institutions loaning money they do not have to institutions unable to repay the loans. All this is based on the bullshit theory that tangible wealth is being created by the world's financial institutions through interest on the debt. Money making money.

As my friend, physicist and political activist George Salzman writes, "Everyone in these 'professional' institutions dealing in money lives a fundamentally dishonest life. Never mind 'regulating' interest rates," he says. "We must do away with interest with the very idea of 'money making money'. We must recognize that what is termed 'Western Civilization' is in fact an anti-civilization, a global social structure of death and destruction. However, the charade of ever-increasing debt can be kept up only as long as the public remains ignorant. Once ecological limits have been reached, the capitalist political game is up."

I think it is somewhat unfair to say that most Americans and Canadians are in denial. They simply don't have a clue about what is really happening to them and their world. Everything they have been taught about working, money, and "quality of life" constitutes the planet's greatest problem — overshoot. Understanding this trashes our most basic assumptions and requires a complete reversal in contemporary thought and practice about how we live in the world. When was the last time you saw any individual, much less an entire nation, do that?

Somehow or other, it all has to do with the economy, which none of us understands, despite round-the-clock media jabbering on the subject. Somehow it has to do with this great big spring on Wall Street called "the market" that's gotta be kept wound up, and interest rates at something called The Fed, which have got to be kept "smunched" down. The industry of crystal gazing and hairball rubbing surrounding these entities is called "economics."

In heaven, there are no jobs

The human economy is made up of three parts: nature, work, and money, but since nobody would pay people like Allen Greenspan or Milton Friedman millions of dollars if they talked just like the rest of us, economists and academics refer to these three parts as the primary, secondary, and tertiary economies... Of these, nature — the world's ecosystems and natural capital — is by far the most important. It comprises about three quarters of the total value of economic activity (Richard Costanza et al. 1997). To western world economists, nature — when it is even given a thought — is considered to be limitless.

The second part — work — is the labor required to produce goods and services from natural resources. Work creates real value through efficient use of both human and natural resource energy. A potato is just a potato until people sweating over belt lines and giant fryers turn it into Tater Tots.

The third economy — the tertiary economy — is the production and exchange of money. This includes anything that can be exchanged for money, whether it is gold, mortgages bundled as securities, or derivatives. In short, any paperwork device that can be rigged up in such a fashion that money will stick to it. Feel free to take a wild-assed guess which of the three economies causes the most grief in this world.

To an economist, work — the stuff that eats up at least a third of our earthly lives, is merely a "factor" called labor. Work is considered an unfortunate cost in creating added value. Added value, along with nature's resources, is the basis for all real world profits. Without labor, the money economy could not gin up on paper wealth in its virtual economy. Somewhere, somebody's gotta do some real-world work before bankers and investment brokers can go into their offices and pretend to work at "creating and managing wealth."

complex positions are for the few able to comprehend and carry out these functions. What remains are low paid, and even these are becoming more automated; in other words, people need not apply. He states that "we will restore science to its rightful place." It has never had its rightful place... As for the bit about using technology's wonders to raise health care's quality and lower costs, come on, he had a tough enough time pushing through a watered down health care bill, doing what he suggests would lower costs all right, but what about the insurance companies, pharmaceutical companies, et al., who now make millions out of our health care system. The word "care", of course, applies to those who can afford it... Another quote, "the reason that this administration and past administrations have vigorously supported science, etc.", come on, what support? Defense, space, and basic science are barely taught in schools. Their importance to our continued well-being is not even touched on. The main emphasis is still on business, with none of its failings. Children should be taught how to learn, not what, taught to analyze, to not accept or reject anything until in possession of all the facts, so that they can then make an informed decision.

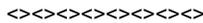
What is the rightful place of science?

Technocracy outlined this very clearly, seventy-seven years ago. The administration of society should be governed by the scientific method: "the methodology of determining the most probable." Science is, in a dynamic sense, essentially a method of prediction. It is the most accurate method available to us. It is based essentially upon facts. When more facts are known, more accurate predictions can be made. "A fact is a close agreement of a series of observations of the same phenomenon." They must be verifiable; in other words, able to be repeated. We should replace our present medium of exchange with a method of distribution based on the energy it takes to produce a commodity or provide a service. Such computation would be easy with today's advanced technology... As stated previously, science is a method, the method of determining the most probable. It is the method that has advanced humankind down through the ages. This is not because scientists have any monopoly on intellect or virtue. It is because science is the only method we have to sort out the truth from ideology, or fraud, or foolishness, or ignorance, or bigotry.....



Tell the Truth — Letter from Dan Beicher — *New Scientist*, Vol. 206. Issue/2767, July 3, 2010

As an engineer and scientist, I was dismayed to read the article in which Bob Ward suggests that the scientific community ought to use public relations techniques to rectify society's view of science (29 May, page 26). If a few scientists use unscientific methods to advance their views, then we should denounce them, not protect them. PR, like any propaganda, is used to cover the truth and not to advance it. PR is used by commercial firms and politicians when they want to rescue their public image. As scientists, our best way of gaining the public's support is to always adhere to the truth.... *East Barnet, Hertfordshire, UK*



The following article defines America in the 21st Century... [Howard Scott's letter to Members, May 1951, Defines the American success story before Wars for Profit & Money Rules...](#)

To: All Sections, Organizers and Members-at Large - CHQ Technocracy Inc., Lambertville, New Jersey – 05/15/51

Subject: *The Tragedy of Errors*

The United States of America, boasting of its proud inheritance – that it was born of political revolution – has introduced no fundamental change in its original political structure since its establishment. The United States is a political anachronism. It is the only major national entity that has stubbornly resisted any fundamental change in its political structure in the last hundred and fifty years. And while it boasts of its revolutionary birth, the United States is, at the same time, so ashamed of its political origin that it denies the very process that gave it birth.

Progress and development in the United States have been geographic, economic and technological. In these three categories our national development has outstripped the world. Our technological capacity to produce has become so great that if operated at full load its products could not be consumed by the people of the United States and Canada; and, stranger still, the entire population of the rest of the world would not have the purchasing power to buy the remaining surplus.

Developments in the United States are in sharp contrast to those in other parts of the world. In the last one hundred and fifty years, the farms of France, of Germany, Japan and China have become ever smaller. This downward "growth," has proceeded to such an extent that it has at last arrived at the minimum subdivision of land from which it is possible for a family to produce a bare subsistence. This is the natural consequence of the application of private hand tool and human toil techniques under conditions of increasing population. Out of Japan's six million farms averaging 2.3 acres in size, there are included two million farms of ¼ acre. This downward division of productive agricultural units has occurred both in Asia and Europe in the last one hundred and fifty years accelerated by ever-increasing population pressures and the decline in arable soil. The size of farms in the United States was subject to the same trends and forces as those in the rest of the world – namely, they continued to decline in size – until the latter part of the nineteenth century, when the mass production of agricultural equipment reversed within United States this world –wide trend. In the last fifty years farms have been increasing in size in the United States and the farm population is continually decreasing. Where, oh where, have the hordes of migratory workers vanished? The harvests of the United States and Canada required hundreds of thousands of harvest hands each year; they have vanished like the horse and buggy. Grain producing states that had a thousand or less combines in the 1920's have twenty-five thousand or more today, and technological equipment rolls across the harvest field where once ranged swarms of manual workers. We produce ever-increasing volumes of agricultural products and foodstuffs with ever more machines and a smaller and smaller farm population.

The United States and Canada have the highest standard of living of the world. We have most of the installed technology of the globe. We have most of the world's gold and still more of the world's credit... Never in history has so great a bourgeoisie been created with so little effort, on such slight ability, with such fortuitous circumstances, and with such a minimum of social responsibility.

In the last half century the United States has achieved the technological leadership of the world. We have become the major exporter to the world of technological equipment, processes, machinery, tools, raw materials and food-stuffs. Our technological equipment and our machinery have been shipped around the world, installed and put in operation in every country in every far off corner of the globe. The significance of this development is seldom realized by our national leaders, let alone the public at large. We are conscious only of the persuasive powers of our salesmanship in selling the latest product of American engineering to one of our backward areas of the globe. All areas outside of the United States have, in our eyes, been backward; for, from the dizzy pinnacle of our financial and technological success, we have looked down our noses at the peoples of the rest of the world. This is a strange paradox; for, this tremendous outpouring of technological equipment from the producing centers of the United States and Canada has been the chief contributing factor in the creation of revolutionary social change around the globe.

Our technological installations in the rest of the world have introduced new concepts, concepts that are many more revolutionary to human society than a thousand Declarations of Independence or a thousand Constitutions. These new concepts have been intuitively recognized even in their embryonic beginning by the 'backward' peoples of the world. They have simultaneously created new visions on the banks of the Amazon, The Ganges, the Yangtze, the Amur, the Nile, The Volga and the Danube. They have opened new vistas of collective unanimity and solidarity and of social success in physical attainment far greater and more magnificent than that ever promised by their saints, their heaven-born rulers. This new social consciousness of the solidarity of human beings in a unanimity of purpose and collective action can, through the use of militant technology, transform their own areas in their own time into something compared to which the quests of the last five thousand years have been but empty gestures.

The political and economic systems of the United States in general and the private American citizen in particular have unwittingly and unknowingly been the ardent promulgators and promoters of this greatest of revolutionary doctrines, which is the concomitant of technological equipment. This equipment today is creating world-wide the solidarity and consciousness of unanimity essential to social change. We Americans are the greatest revolutionists of our time – we are the great exporters of technological equipment. Social change is written into every operating specification of every piece of equipment we install the world over. On the other hand, we are today exporting propaganda and a policy which is the direct antithesis, and a denial of the technological equipment we have been exporting for upwards of half a century... (To be continued)