

Redefining Labor Productivity

By [The Mogambo Guru](#)

03/11/11 Tampa, Florida – If you are looking for useful information, but also for a good laugh, in the latest Big Load Of Lying Crap (BLOLC) from your government, the latest report from the Bureau of Labor Statistics is it.

It starts right out with the seemingly innocuous, “Nonfarm business sector labor increased at a 2.6 percent annual rate during the fourth quarter of 2010. The gain in productivity reflects a 4.0 percent increase in output and a 1.4 percent increase in hours worked.”

In trying to decipher this, I was later aided when they defined the term “labor productivity” to mean “Labor productivity, or output per hour, is calculated by dividing an index of real output by an index of hours of all persons, including employees, proprietors, and unpaid family workers.”

But (and this is my point, such as it is) they never say what “output” is, which makes me assume that it is merely the aggregate cost of each unit of output multiplied by the cost of production of each unit for manufacturing firms, and/or some other arbitrary measure of “output” for services.

This is where I started getting an idea!

First, I talk my boss into tying an employee’s bonus money to their increases in productivity, with, say, a percent of increased productivity rewarded with a percent of salary increase.

Then, putting my latest Mogambo Plan For Quick Gains (MPFQG) into effect, I fire half the employees, and raise the price of each unit of output by 1,000%, making the necessary “adjustments” in the invoices we send to the customers so that the books come out all nice and tidy, and we will have something to use as evidence against irate customers.

Therefore, with my output (units times price) up 1,000%, and workers down by 50%, my productivity would zoom by 2,000%!

Therefore, according to the agreement, my salary would immediately increase by 2,000%, which, after a few months, would be enough, if I scrimped and saved, to coast long enough to get to retirement, especially if I can figure out a way to dump the wife and kids, too!

This incentive was sweet, and so easy probably due to my planned “Ask for a raise and get fired immediately!” policy.

As for the bad news from the BLS news bulletin (which is that people are not making more income), there is a silver lining, which is that employees are obviously not dragging anybody’s terrific productivity numbers down, as the BLS reports that “Unit labor costs in nonfarm businesses fell 0.6 percent in the fourth quarter of 2010, due to productivity increasing faster than hourly compensation.”

Of course, I expect some resistance from my boss on installing my fabulous “incentive plan” to boost productivity (and unwittingly make me a rich man in the process!), which will probably be a variation on her usual routine of loudly screaming at me, “Get out of my office!” over and over, louder and louder, until I leave, slamming the door behind me as I do so, just to show her who’s really, really in charge here.

But incomes being lower is the start of a lot of Bad, Bad Things (BBT), as you can well imagine, and if this doesn’t make you run around screaming, “We’re freaking doomed!” it should at least make you run, screaming or not, to buy gold, silver and oil as vital lifelines against the horrifying inflation in consumer prices that will result from the Federal Reserve creating so staggeringly much money, all abetted by, as introduced in an earlier paragraph, a Big Load Of Lying Crap (BLOLC), which makes it all so easy that you, too, must say, “Whee! This investing stuff is easy!”