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# Opinion

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## We need a balanced view of `productivity'

By Kumar Venkat

On my last visit to India, I walked into a restroom at the Bangalore airport and was greeted by an attendant whose job was to dispense liquid soap and paper towels. The work was, of course, superfluous, but he clearly needed the job and the tips he occasionally received.

Perhaps his labor could have been put to a more productive use elsewhere. But anyone who has seen the vast ocean of humanity in a large developing country like India has to wonder what kind of productivity can provide a decent life to everyone. Labor is not a scarce commodity in most developing regions of the world.

In contrast, labor productivity is central to any discussion of the U.S. economy. High labor productivity is cited as one of the reasons for the slow job growth in the current economic recovery. Still, many economists believe that productivity growth is the ultimate source of wealth for everyone. But their arguments usually ignore the crucial role of natural resources.

Labor remains expensive relative to natural resources such as energy and raw materials in industrialized countries. In response, new technologies increase productivity by reducing or eliminating human labor. In the past 100 years, the farm sector has gone from using 40 percent of the U.S. workforce to just 2 percent. The manufacturing sector is losing jobs to automation and the use of cheaper labor overseas. We now transact much of our business without ever seeing a human face or hearing a live voice.

Is it possible that we are over-optimizing one factor of production -- labor -- at the expense of other resources that are truly scarce?

Redefining Progress, which develops tools and policies for sustainability, estimates that it takes 23.6 acres of biologically productive land and water to support an average American's resource consumption. The per-capita footprint is 3.4 acres in China and 1.9 acres in India. Humanity's total ecological footprint is nearly 16 percent higher than Earth's capacity, indicating an unsustainable depletion of natural capital.

The United States has the largest per-capita ecological footprint and consumes more than 20 percent of all resources. Developing countries aspire to a similar living standard but face the enormous task of lifting hundreds of millions out of deep poverty. Their plan for economic growth depends on using large amounts of additional natural resources. China, for example, has become an insatiable consumer of raw materials, and its energy consumption expected to more than double by 2030.

At the same time, nearly 750 million people around the world are either unemployed or classified as ``working poor.'' Another 500 million workers will enter the labor markets by 2015.

Some resource economists have advocated an environmental tax shift in developed nations, which would reduce the tax burden on labor and increase it on fossil fuels, virgin raw materials, waste generation, and pollution. The idea is to encourage more employment of labor and less of scarce natural resources.

In developing nations where labor costs are low, resource-saving and employment-generating activities such as repair and remanufacturing are already widespread. But technologies and lifestyles borrowed from rich countries -- including private automobiles and disposable products -- could destroy any possibility of sustainable development in these countries. What they lack -- and perhaps need the most -- are policies and technologies designed to radically increase resource productivity and employment opportunities in tandem. Both developed and developing nations face the same ultimate challenge: moving from a narrow view of productivity to a balanced consideration of how best to employ both human and natural resources.

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