

**PRODUCTIVITY**  
**THE KEY TO**  
**ECONOMIC DOMINATION**

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**Carl Muller**



*This small monograph is the fourth in a series presented by Carl Muller, best known in Sri Lanka for his devastating style as author and journalist. He is himself one of the small minorities in his island home and has yet maintained his essential "Lankan-ness" in the forceful "minority role" he plays.*

*This essay is, in a sense, the reflections of one who is concerned at the way the economy of Sri Lanka is going. As he points out, the wealth sticks and is not spread!*

## *Productivity*

- provides vast increases in disposable incomes and purchasing power
- makes and moves things in manufacturing, farming, mining, construction and transportation
- has resulted in a 45-fold expansion over-all in developed countries
- has raised standards of living and the quality of life
- has paid for a 10-fold expansion of education and an even greater expansion in the field of health care

**PRODUCTIVITY IS THE  
WEALTH OF NATIONS**

Whether ours are knowledge workers or service workers, their productivity is the toughest challenge managers face today. We ask ourselves why we work so hard in order to stay afloat, much less to compete, and we are told that we lack productivity.

Productivity? What sort of a word is that? Yet, as it erupted – this productivity explosion – the world found that there was no real term for it in any language.

Consider the 19th century economists. Karl Marx, for one, believed it to axiomatic that worker output could be increased only by working harder and longer. Much of Marx's writings are based on this belief. Even the 1950 *Concise Oxford Dictionary* did not list the word "productivity" in its present meaning.

Then, suddenly, it came center stage, piling upon every brand of business like a ton of bricks. It is arguably the most important social event of the past 100 years and one that has no precedent in social or economic history.

Maybe the term came into being after World War II. Many countries had to lift themselves up by their bootstraps. By the old book, they realized with dismay that it would take at least half a century to become developed; and yet, South Korea did it in 20 years! It was a radical reversal of the norm.

The first thing the world had to learn – and it came as a bit of a shock – was that capital cannot be substituted for labour, meaning people, especially in knowledge and service work.

Then came the new buzz-words, "*working.smarter*". Let me elucidate: It will be well to first understand that new technology by itself does not generate higher productivity. The "people factor" is the true economic "spellbinder", for capital and technology can