



National Productivity... *How to Get LEAN Thinking!*



We hear much concern about National Prosperity at the citizen level in almost all western nations, because although they may be at the top of the global prosperity list, most of their citizens have seen a significant decline in prosperity and living standards over the last 40 years.

In most cases national productivity has a close correlation with national prosperity, and this is certainly an ongoing talking point at most national elections in the western world. So, we have politicians, bankers, economists and political writers all talking about the importance of maintaining and improving national productivity and gaining back prosperity. A range of issues have been defined and solutions suggested, but so far, not much progress.

New Metrics to focus Productivity.

It's clear that we have plenty of metrics to measure productivity. Some experts use Gross Domestic Product (GDP) per population as a rough macro measure, and others use the more refined output per hours worked. Some economists use Multifactor Productivity (MFP) that adds the impact of capital into the calculation, which does show how some segments of an economy such as resource sectors have "lower productivity" relative to other parts of an economy, due to the higher attraction of capital per level of output. Some experts try to look at an index of average wage against the cost of living, which is far more the outcome than a true performance measure.



Although all of the above metrics are useful for macro comparison purposes between economies and between segments of an economy, they are focused on the summary of the many kinds of drips rather than on the specific leaks in a badly plumbed economy.

The real issue is how to focus western governments on the productivity "leaks" by adopting "LEAN thinking" practices so that economic activity can be classified into the two metrics of **Value or Waste**. If they focus on evaluating these two metrics, they will see how productivity can improve, and what adds **value** to citizens, and what contributes to **waste** in each part of the national economies, and how policies and actions should be set to improve economic productivity for the citizens.

Improved Governance

Western governments must strive to improve governance practices, so they are much more efficient, effective, and less wasteful, and do not keep getting in the way, and delaying what's good for most citizens.

Western politicians must avoid the continual over politicization of the government discourse and start listening much more effectively to the citizens and learn from the blunders of the past. They must ensure the focus is much more on "how we are doing," rather than "who we are" which means not being distracted by the western media who tend to over focus on human rights and associated social fringe issues that just don't pay the rent. They must focus much more on the wealth of the nation and the value to its citizens and how to remove any waste. They must also learn how re-industrialization and leading-edge business and industrial policies can assist with the recovery of prosperity.

It will require a far more continuous improvement focus by national governments on the **economic activities** that are concerning most of the population, rather than on the noisy social fringe issues that create non-value and waste.



Citizens must be encouraged to learn what they are funding with their taxes so that much more pressure is directed at rationalizing and improving value and reducing waste and holding those responsible accountable.

Also, western governments must strive to simplify the political systems for policy planning and execution to avoid the many wasteful levels and division of the governing process. *(In other words, they must learn how to save the democratic process from itself)*

Taxation

Taxation has become a huge burden for the average western citizen, and the improvement of these economic activities explained in this article are going to be essential to liberate the citizens from the decades of over liberalized and institutionalized government waste that demands such taxes.

National Investment Environment

Governments must ensure that both citizens and business leaders are encouraged to invest in a nation by working to ensure it is a trade bloc competitive destination that demonstrates clear political will to set consistent national business and industrial friendly policies and infrastructure. They must ensure a stable exchange rate, a competitive corporate tax rate, affordable energy costs, competitive trade transactions, effective transportation, trade capable border environments, reasonable labor ownership expenses, realistic safety and environmental legislations, and institutions that can provide and sustain a skilled and productive workforce. Again, the improvement of the economic activities explained in this article are going to be essential to achieve such an environment.

International Trade.

It's very clear that the notion of the western nations moving to a post industrialized society via globalized trade and offshore manufacturing was a huge mistake, which will now have to be reversed by reshoring the industrial base and this will be an imperative for the recovery of western citizen prosperity.

Reshoring of industrial capacity is a must for most western nations, and this has started in the USA with the 2022 Report from Thomas Industries reporting that 85% of Corporations are pursuing a Reshoring Strategy with reshoring trends showing an average 50% year over year growth rate.

This reshoring direction is now being supported by economists that are talking about a major reorientation toward a new economic-policy framework called “Productivism” that is rooted in production, work, and localism, instead of finance, consumerism, and globalism.

This new economic policy framework is being driven by the realization that long global supply chains are expensive and wasteful, and the future solution will be short and local supply chains close to the consumer using diminished labor costs provided by the adoptions of Industry 4.0. This will enable western citizens to gain back their prosperity by mining, growing and making much more of what they consume using lines of supply with other friendly more localized trade blocs.

Its also clear that in the future some localized trade blocs such as the USMCA and the EU will become the largest market with the youngest consumers and labor pool that will reinforce a localized and secure trade bloc approach.

Further... If we listen to the geo-political expert predictions, the western nations may have no choice but to localize the trade activities due to a breakdown in global trade security and a deterioration in east-west relationships that will fracture the “New World Order” and dis-enable global free trade with long global supply chains becoming unstable and forcing a move toward more stable, localized, and inclusive trade blocs that allow citizens to have far more opportunity to add much more value to the products and services they consume. This may involve trade tariffs and the building of trade bloc policies.

Trade bloc inter-border controls must be revisited to ensure the seamless movement of goods and services across the national borders inside the trade bloc while ensuring any unplanned and undesirable movement of goods and people are better controlled to the benefit of the trade bloc citizen population.

This will mean Installing significant tax benefits for industrial investments within the local trade bloc and a global transportation tax (GTT) would be an advantage to encourage the reduction of the waste in global supply chains. Corporate tax systems should be aligned within the trade bloc to eliminate offshore tax shelters to ensure full corporate taxes are paid on any business activity undertaken within the trade bloc that will limit or discourage capital transfers in and out of the trade bloc unless an advantage to the trade bloc itself.

National trade.

There must also be a plan to dismantle trade and regulatory barriers **within** national jurisdictions to accelerate growth and create a unified national economic space compatible with the local trade bloc.

National Trade logistics

Invest in physical logistics for trade to support the increase in local trade, but not foreign trade. So, more road, rail and river traffic, but not expansion of international ports.

Business

Our western businesses must pursue the opportunity to reshore their manufacturing base by following Industrial development roadmaps that will determine the reshoring sweet spots in each industrial sector by “running the numbers” on landed cost trade-offs using a balanced sourcing model.

Business must also refocus on LEAN business practices and adopt Industry 4.0 automation and digital transformation strategies. They must embrace the disruptive technologies such as advanced automation, smart sensors, Artificial Intelligence, cloud-based data solutions, and business systems connectivity to reach a state of cyber physical capability to ensure the optimised use of labor that will gain back productivity and garner support and commitment from the financial sectors for ongoing investment.

Business sector groups and national governments must work together to ensure favorable conditions for setting up and operating a business in terms of fair taxation, non-bureaucratic regulations and compliance requirements, and how to create solid financial support for business investment.

Capital

Most western nations will need significant capital to rebuild and expand both business and infrastructure to support the re-industrialization journey, and national governments will need to place controls on the movement of capital across national borders.

Also, businesses will need support in terms of the treatment of capital for loans and taxation so that business is encouraged to undertake local investment without constraints, such as taxation on capital investments.

Investment in R&D

Western nations must be far more diligent to ensure that R&D funding benefits the nation, and stays within the local economy, and is not easily redirected to foreign actors or uncontrolled transnationals. Also, any R&D funded or controlled by foreign entities is recorded and authorized by written agreement with the national government.

Emphasis must be placed on simplifying the government bureaucracy for the administration of R&D investment while ensuring full continuity from pure Research, to applied research, to application development, and final early product commercialization.

To improve Industrial application any R&D to academic organizations must be funded in partnership with an industrial sector and sanctioned by the national government so that all phases of R&D is managed from research to development to full commercialization so that maximum opportunity to benefit the national and trade bloc economy will ensue.

To reduce bureaucracy any government Industry incentives should be structured so that instead of a complex project by project tax rebate or funding release system that requires extensive administration, the benefits are released to industry using a simple tax code that can be easily set per year based on the governments investment strategy for each business and industry sector.

Employment

The national governments must start actions to redeploy manpower from the public sector through productivity improvements to support the reshoring of value adding business activity and any associated services. They must also encourage seniors to work past retirement age through financial incentives so that they support any labor gap before true labor productivity is achieved.

A long-term goal of the economy will be to improve prosperity and economic affordability to avoid the need for both parents to work to make ends meet. Yes, it will be a long-term productivity and prosperity goal, but the outcome will be the reversal of the decline in the family unit, and hopefully an increase in citizen birth rates to avoid expensive immigration and provide for the next generation of a working age population.

More work-from-home jobs need to be developed. Stay at home parents are an option to provide a stretched work force and enable us to reshore a significant number of service jobs from offshore.

We must reverse the drift toward a gig economy that badly employs our citizens, which is a symptom of an unstable and unequitable economy that creates significant under-employment and without income stability.

Education

Most western nations will need to generate a formal national plan for the implementation of an **Integrated Industrial Learning System** that will Integrate education, training and on the job experience into an effective career and job ready pathway supported by government, industry and the educational institutions. This will enable citizens to support the reindustrialization journey and achieve a renewed and higher level of productivity and prosperity.

As future job and career demands are better understood due to this national plan the educational priorities must focus on funding STEM education and training. The liberal arts, social studies, and Diversity/Equity/Inclusion programs will become a very low priority.

The preference should be to provide free education for citizens of all ages to improve literacy and STEM capability by using existing university and college campuses on a 24/7 basis as they are currently very underutilized. Retired professionals could be induced to become educators with tax free incentives against their existing savings and investments, and via other suitable trade-offs can make this re-education process cost effective and affordable.

The western nations to maintain revenue may continue to offer most foreign students access to the western educational system, but **mainly via remote access** from their home country, which will be far more cost effective and will also alleviate the pressure on rental and housing markets, and the misuse of western immigration systems and labor markets.

Also, any foreign student visas that do get issued to physically attend at western schools should preclude a foreign student work permit.

Also, we must eliminate academic research grants from foreign actors that can force unequitable transfer of intellectual property outside of the trade bloc.

Immigration

More western nations will need to reduce immigration levels significantly, as it's clearly not the solution to improve productivity, and recently its very clear that its creating cultural unrest due to poor levels of assimilation.

As the nations implement INDUSTRY 4.0 and other productivity improvements, they will require far less labor per GDP of output and with the redeployment of labor from the public sector and after re-mobilising the citizen base with re-learning programs they will certainly need far less immigration. And its clear that only accepting immigrants with firm job offers for roles that cannot be performed by an existing citizen must become the future rule.

We must also ensure that Immigration or refugee claims are not considered some kind of "human right" that others from elsewhere expect and force us to support. Therefore, we must Control Borders and ensure unplanned or unsanctioned migration is stopped and remove all expenditures and support for refugee and migrant programs and enforce strict border control laws.

Western nations must undertake an aggressive plan to end temporary foreign worker programs. This will include training current citizens if special skills are displaced with the reduction of the non-citizen workforce.

Climate Change & Environment.

Most western nations will be reducing or eliminating the huge amount of waste being expended on NetZero as it has been established that any such efforts will have no value or benefit to our citizens and have no effect on global carbon emissions because industrial growth in the rest of the world will overwhelm any climate change mitigation effort the west may undertake.

Climate alarmist rhetoric from the UN managed IPCC is now being strongly contested by many scientific groups who have organized into powerful forums, and strongly dispute any climate emergency, and declare that NetZero and all associated support programs are unnecessary, technologically unattainable, economically unviable and a clear threat to the recovery of our industrial capability and economic prosperity. They explain that on every metric the current climate change is not bad news, its good news, and its improving human flourishing, with only mild and minimal adaption required.

Many new western political leaderships are declaring that NetZero is an unnecessary distraction from the need to focus on reshoring their industrial capacity to recover the prosperity for their citizens. They will reverse the persecuting of current energy and industrial processes and subdue the unscientific propaganda about a "Climate Armageddon" that is scaring western youth and taking their economies in completely the wrong direction. They will set a longer timeline to evolve toward alternative cleaner sources of energy, but only after these new technologies are deemed viable and far better planned.

Energy

Where practical all western nations will strive for energy independence, at least within the security of a local trade bloc. Local energy resource-based economies must support others within the trade bloc by joint pipelines and effective energy distribution systems to avoid any reliance on less stable global actors.

The use of technologies such as nuclear power, natural gas, and eventually clean hydrogen, must be a focus for environmental equity, and also ensure reduced dependence on wasteful energy imports. This will require a continued focus on fossil fuels to ensure energy is affordable and avoids the trap of expensive and unreliable renewables.

Energy resource-based economies must ensure that they do not experience a Petro-currency as happened in many national oil booms by installing a sovereign wealth fund similar to that successfully undertaken by Norway.

Resources

Western nations richly endowed with sought-after resources must leverage this by sustaining and enhancing productive mining and refining expertise so that they attract the needed investment both inside the nation and from other members of the local trade bloc to provide resources to support the reindustrialization journey. Any resource exports outside of the

trade bloc will be an advantage to be capitalized but must not be at the expense of the supply to meet the demand of this local trade bloc.

Housing

Many national governments will be enforcing the “citizen only” investment and purchase process to better align housing and rental markets with the needs of citizens.

Also, many western governments will need to form commissions of building industry experts to define a business model to minimize costs and price setting for new homes to avoid the over-financialization of the housing market that is top of mind for most young citizens in most western nations.

The Public Sectors.

We have all come to realize that some value, but significant waste, exists within the bloated public sectors in most western nations. Firm debate and decision making will be needed to strike the correct balance to eliminate non-value-adding government services and activities and gain significant improvements in how the taxpayers money gets spent.

As the western nations start the productivity value analysis and understand the significant waste, they may become motivated to perform an acid-test on the **Value** of public sector services or related expenditure. This will determine if these services add **direct value** to the majority of the citizens, and if NOT, then these expenditures may be candidates for elimination.

Social and cultural programs other than health care and education and associated support programs will be strong targets for reduction or elimination. Some candidates will be past promises for the funding of foreign aid and the support for certain UN initiatives and G7, G20 and elite gatherings such as the World Economic Forum and other wasteful global and multilateral think-tanks. It means another hard look at non-economic immigration and wasteful refugee policies, as well as woke policies feeding multiculturalism and DEI initiatives, that many believe add no value to citizens, and destroy national unity.

The western governments must also review services that do add some value to some citizens but are better managed by being redeployed and funded directly by citizen organizations. This will avoid wasteful government bureaucracy and the use of a wasteful taxation process.

What remains to review are value adding services that government **MUST** provide but must be improved via productivity action to evaluate the waste trapped within these needed services to manage the reduction of the waste while improving and maintaining the important services.

As this LEAN thinking process squeezes out the public sector waste the reduction of the associated tax burden on the citizen population can be determined. Also, how much of the human effort from the public sector can be redeployed to the private sector to add more direct value and capacity to the economy.

This will also reduce the need for unnecessary and costly immigration to support economic output and growth and also reduce some of the need for expensive infrastructure in terms of housing, health and education services etc.

As this review process unfolds, any duplicated effort between federal and regional government activities must be reviewed and further streamlined.

They will need to ensure that institutions such as policing, legal and social services, the educational process, the public transportation systems, Industrial and public infrastructure services, health systems, and the military are not duplicated and can be made to operate with much less bureaucracy. Also, that funding for these institutions and services is far better prioritized.

Health-care systems must be refocused to improve and reinstall acceptable emergency and wait times for surgeries and improve the productivity and right size the capacity to make the system capable, but also ensure that any abuse is managed and minimized.

Defence spending will be a challenge for most western nations, and the trend will be to focus only on the protection of their own trade bloc borders. They should pursue a form of national military service for citizen youth to provide an expanded military capability, as well as encouraging youth to have an early commitment to their nation.

Due to mainly low prosperity, crime rates are increasing, and to pay for the increasing cost to incarcerate criminal offenders' correction facilities must improve work plans that will benefit the national economies and perhaps aid in the rehabilitation process.

In some nations indigenous expenditures will need to be restructured so they mostly provide support to generate job opportunities so that such expenditures are an investment for a more productive economy.

The western nations must fix their declining infrastructure by reducing the waste and better prioritizing spending, so they are ready for the reindustrialization journey. Also, it will be essential to undertake a digitized transformation of communication and public and private information systems across trade bloc nations to aid the expansion of trade and effective local industries.

The governments must reduce and streamline wasteful regulations and legal processes that affect the ability to get things done, with special emphasis on regulations that slow down the ability to develop new industries, improve infrastructure, and grow the economy. This must include an improvement in the democratic process of decision making so that they are far less 2nd guessed by the courts, and the wasteful process of lobbyists.

Developing a future prosperity roadmap

The federal and regional governments must work together and define the members of a standing **prosperity planning commission** to develop a prosperity roadmap.

This commission would review all of the economic activities and strive to eliminate WASTE in all of them, and structure the VALUE into Public VALUE to be provided and funded by government via direct taxation and Private VALUE that must be directed back to the private sector to fund and provide.

This would re-focus and prioritize all economic activities and the associated national governance on the rebuilding of an industrialized society for the recovery of national prosperity.



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