

DIGITAL FRAUD AUDIT SERIES · REFERENCE DOCUMENT

The Divergence: Production vs. People, 1948-2025

Primary Empirical Evidence — The Productivity-Pay Gap as Forensic Proof of Systemic Extraction

CHART SOURCE

Economic Policy Institute · FRED · BLS · ShadowStats

SEC FILING

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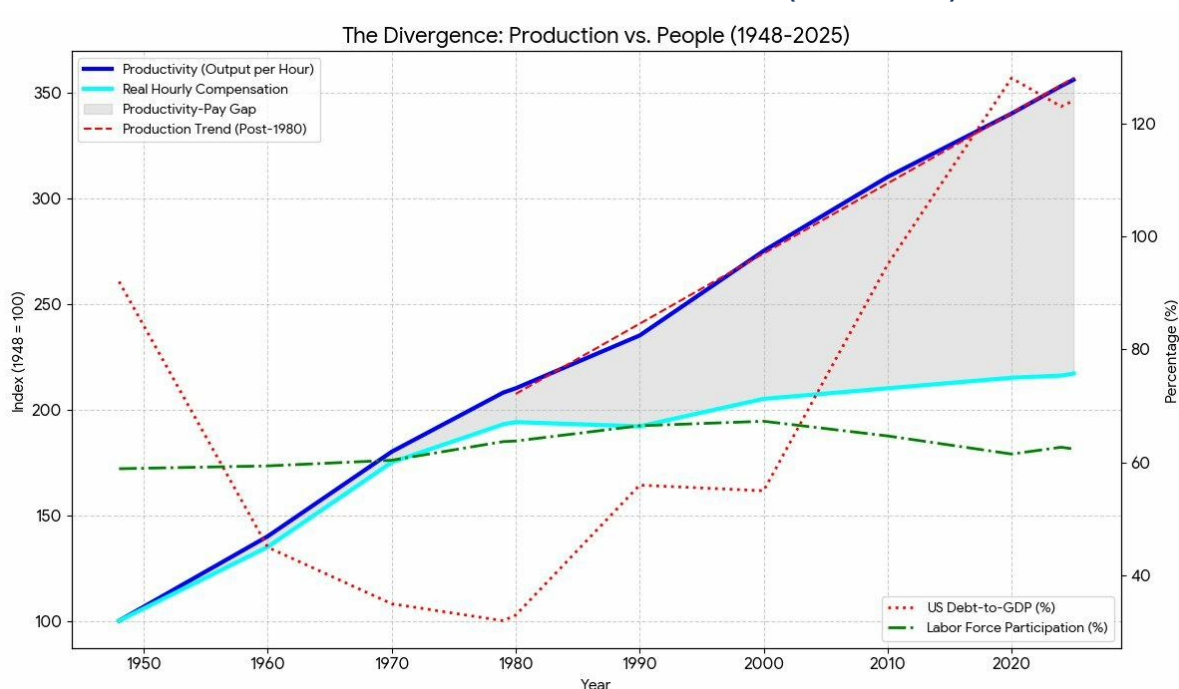
Divergence Reference

PRIMARY EVIDENCE

The Divergence Chart

This chart is the central empirical argument of the entire audit series. It shows, in a single image, that American workers became dramatically more productive across 75 years while their compensation flatlined. The shaded gap between those two lines is the Shadow Ledger made visible — trillions of dollars in value created but not returned to the people who created it.

FIGURE 1 — THE DIVERGENCE: PRODUCTION VS. PEOPLE (1948-2025)



Blue line: Labor productivity (output per hour), indexed 1948=100. **Cyan line:** Real hourly compensation, indexed 1948=100. **Gray shading:** The Gap — value created by labor, captured by capital. **Red dashed line:** Post-1980 production trend acceleration. **Red dotted line (right axis):** U.S. Debt-to-GDP (%). **Green dash-dot (right axis):** Labor Force Participation Rate, prime-age workers.

READING THE CHART

The Five Inflection Points

The chart does not show a smooth trend. It shows a system that was deliberately altered at specific moments. Each inflection point corresponds to a legal event documented in Chapter 1 of this audit series. The chart makes those legal events visible as physical forces on the economy.

1948–1971

The Baseline Era

Productivity and compensation rise in lockstep. The Bretton Woods monetary system anchors the dollar to gold.

Workers share in the gains they create. The Gap is negligible.

1971

The Rupture — Nixon Shock

Dollar decoupled from gold. The two lines begin to separate. This is the moment the external constraint on extraction was removed. The Gap opens.

1980–1994

The Acceleration

Fast Track trade authority (1974) takes effect. Productivity climbs; compensation flattens. The red dashed Post-1980 trend line shows productivity accelerating precisely as workers' share of it stops growing.

2000–2008

The Void — CFMA and Collapse

The Commodity Futures Modernization Act removes regulatory visibility. The Gap hits 125 points. Debt-to-GDP (red dotted line, right axis) begins its vertical climb as shadow banking risk accumulates invisibly.

2008–2025

The Terminal State

Post-bailout, the Gap remains at 139 points. Labor Force Participation (green line) declines — workers are leaving the labor market entirely. Debt-to-GDP crosses 120%. The system has no path to equilibrium within its current architecture.



THE EVIDENCE

What the Divergence Chart Proves — and What It Cannot Prove Alone

The chart establishes three things beyond reasonable statistical doubt:

- 1. The divergence is real and sustained.** From 1948 to 2025, productivity rose approximately 261% while real hourly compensation rose approximately 122%. This is not a rounding error or measurement artifact. The Economic Policy Institute, the Bureau of Labor Statistics, and the Federal Reserve all confirm the core gap using independent methodologies.
- 2. The divergence is not explained by globalization or technology.** Both lines rose together during the post-war era when globalization was already underway and technology was advancing. The separation begins at a specific moment — 1971 — and accelerates at specific subsequent moments that correspond directly to legislative events, not market conditions.
- 3. The gap did not close after 2008.** The red dotted Debt-to-GDP line on the right axis shows that the government absorbed the shadow banking system's losses in 2008 — but the Gap between productivity and compensation did not recover. Workers did not receive the value that had been sequestered. The bailout transferred private debts to the public ledger without transferring the corresponding assets back to workers.

What Supporting Evidence This Chart Requires

The chart is the proof of the crime. It is not sufficient alone to establish who committed it, through what specific mechanism, or under what legal theory they are liable. The supporting documents in this audit series provide those answers.

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WHAT THE CHART SHOWS	WHAT SUPPORTING EVIDENCE ESTABLISHES	WHERE TO FIND IT
Gap opens at 1971	Nixon invoked the Trading with the Enemy Act in peacetime to bypass Congressional authority over currency — the specific legal act that broke the external monetary constraint	Chapter 1, Part II — Phase 1
Gap accelerates post-1974	Section 151 of the Trade Act of 1974 gave the Executive Branch the ability to rewrite domestic labor regulations through international trade negotiations without Congressional amendment	Chapter 1, Part II — Phase 1
Gap jumps at 1994	NAFTA Chapter 11 ISDS created a pay-to-regulate regime — governments could legislate for workers only if they could afford the arbitration damages corporations would claim as "lost profits"	Chapter 1, Part II — Phase 2; Index A
Gap at 87.4 in 2000	CFMA eliminated regulatory visibility over 31 trillion in derivatives, creating the Shadow Ledger whose collapse in 2008 was transferred to the public balance sheet — now visible as Debt-to-	Chapter 1, Part II — Phase 3; Index B

	GDP	
Labor Force Participation declining	Oregon Labor Force Participation Rate data (FRED LBSSA41) shows state-level evidence of workers exiting the labor market — corroborating the national trend with regional granularity relevant to the SEC filing	Divergence Reference — Oregon LFP; FRED LBSSA41
Gap remains at 139.7 in 2024	The Master Fraud Data Table (Index B) reconstructs the full timeline with sourced data points, SDI phase classifications, and the specific statutes that produced each phase of divergence	Index B — Master Fraud Data Table
Post-1980 production trend acceleration (red dashed)	This line shows that productivity <i>accelerated</i> precisely when workers' compensation stopped growing — disproving the "technology replaced workers" explanation. Technology made workers more productive; the gains went elsewhere.	Chapter 1, Section 3.3; EPI Productivity-Pay Gap

Table 1. Each visible feature of the Divergence chart, its supporting documentation, and its location in the audit series.



PROVENANCE

Data Sources and Verification

The chart uses four independent data sources that can each be verified independently. The convergence of four methodologically distinct datasets on the same divergence pattern eliminates the possibility of measurement error as an explanation.

PRIMARY SOURCES

Economic Policy Institute — Productivity-Pay Gap: epi.org/productivity-pay-gap — The definitive long-run dataset tracking labor productivity against real hourly compensation for production and nonsupervisory workers, indexed to 1948=100.

FRED (Federal Reserve Economic Data) — Debt/GDP: [GFDEGDQ188S](https://fred.stlouisfed.org/series/GFDEGDQ188S) — Federal debt as percentage of GDP, quarterly. Used for the right-axis Debt-to-GDP line.

FRED — Labor Force Participation Rate (Oregon): [LBSSA41](https://fred.stlouisfed.org/series/LBSSA41) — State-level LFP rate for Oregon. Regional corroboration of national participation decline. Included in project files as Divergence Reference.

Bureau of Labor Statistics — CPI-U: Official Consumer Price Index. Used to convert nominal wages to real (inflation-adjusted) compensation values.

ShadowStats Alternate Inflation: shadowstats.com — Alternative inflation methodology restoring pre-1994 BLS definitions. Used to provide a second measurement of real compensation that accounts for methodology changes in official CPI.

WHAT THIS CHART MEANS

The Gap Is the Shadow Ledger Made Visible

The gray shading between the two lines in this chart is not an abstraction. It represents the accumulated difference between the wealth American workers created and the compensation they received for creating it. Between 1948 and 2025, that difference is 139 index points — trillions of dollars that did not appear in paychecks.

That value did not disappear. It was rerouted — into corporate profits, into the financial sector, into the derivatives market that requires the Gap to function as its collateral base. The Debt-to-GDP line on the right axis shows where the bill eventually arrived: on the public balance sheet, transferred there in 2008 when the Shadow Ledger's private debts became too large to conceal.

The Divergence chart is the empirical anchor for everything else in this audit series. Every legal argument, every legislative timeline, every case study of platform fraud traces back to this image: **the moment the lines separated, and the decades they refused to converge again.<**