Politicians' Jobs Nonsense

By David E. Shellenberger

March 27, 2010

People naturally are concerned with employment. Politicians are preying on this concern by making "jobs" the rationale for every proposal they push, no matter how negative the actual effect on jobs.

Here are some fallacies politicians deploy, often with the indulgence and encouragement of the media.

Government can create jobs

Government can destroy jobs by hurting the economy through, e.g., high taxes, excessive spending, bailouts, unnecessary regulation, subsidies, protectionism, socialism, and promotion of unions (i.e., The Obama Plan). It cannot, however, create jobs. Only the private sector can do this.

When government "saves or creates" a job, as through the fraudulent "stimulus plan," this is a government job, and the funding comes from the private sector. This causes a net loss of jobs since the private sector loses the opportunity to deploy its resources for rational, commercial purposes. Worse, many government jobs are inherently destructive to the economy, since so many programs are at best counter-productive.

Government *can* foster the creation of jobs through cutting taxes, spending, and regulation, but this is of little interest to most politicians, since it leads to a reduction of government power.

Jobs should be the direct goal

Only government would be foolish enough to add employees to its payroll for the sake of improving employment. What maximizes the opportunity for employment is a healthy economy. Government would aid the economy not by adding employees but by radically reducing its role and scope and dramatically paring its employees.

The private sector contributes to a healthy economy by continuously seeking greater efficiency, lower costs, and higher productivity. Employees are the means to an end, not the end itself. This means that individual firms often can and should cut specific employees, e.g., as innovation allows technology to substitute for workers. It is this very process of change that keeps individual firms strong and allows the economy to advance, creating prosperity and benefiting employment at large.

Bailouts save jobs

Bailouts may temporarily save some specific jobs, but this comes at the cost of net job losses. First, government takes the capital from taxpayers, who then are unable to use these funds themselves. Second, government deploys the capital for political rather than commercial reasons, meaning it is misallocated to firms that have failed for good reasons. Third, the bailouts encourage the favored industries to expect future handouts, and discourage them from making the adaptations necessary to survive and thrive.

Government can engineer jobs

The controversy over “Green Jobs Czar” Van Jones missed the big point: the myth of green jobs. The very concept is silly on its face. It implies that government can declare an industry to be favored, and jobs will magically arise. Government can subsidize industries, but this again comes at the expense of taxpayers’ own use of their resources. It also means another wasteful misallocation of capital, hurting prosperity.

“Jobs” bills lead to jobs

Similarly, the controversy over Senator Bunning’s brief attempt to hold up a “jobs bill” earlier this month also missed the big point: extending unemployment insurance payments and prolonging special tax breaks does not address unemployment—it makes it worse. Paying people not to work discourages them from working, and the resources for these payments as well as those for tax breaks again come from other taxpayers.

We should protect jobs in the U.S.

This is one of politicians’ favorite fallacies. Job protection is just a form of protectionism, and protectionism hurts productivity, the general economy, and ultimately jobs. Free trade in goods, services, and capital all promote the economy and jobs. Firms are well advised to outsource overseas when this adds to efficiency or lowers costs.

Watch for politicians’ reliance on these myths. Tell them you know better, and their *own jobs* are on the line.

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