

Save one job, lose another

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Remarkable only for its severity, this recession is merely the final stage in the typical 18-year real estate cycle. Seven years of flat growth in the wake of the 1990 crash followed by an 11-year real estate run-up, which brought us to the inevitable 2008 bubble burst. Get your tickets for the 2026 repeat performance.

And, as usual in recessions, governments the world over, rediscovering their inner Keynes, are mainlining their economics with 12-digit bailouts in the form of disadvantageous debt swaps, "forgivable loans" and money-losing takeovers -- shoveling hundreds of billions of public dollars to private companies in the name of saving jobs, often at well over \$1 million per job. But no jobs will be saved.

For every job preserved now, another will be lost when governments are forced to raise taxes to service or repay debts incurred. The thin margins of profitability in the productive economy dictate that every tax hike knocks out the least productive jobs. Worse, jobs lost during a recession would most likely be lost soon even without a recession, so governments are trading marginal jobs for productive jobs. Attempting to save jobs at great expense during a recession is desperation, an act of naivety, an attempt to delay the inevitable, a ploy to curry favour with the electorate, or a ruse to disguise the transfer of public wealth to private interests. Take your pick.

Is it possible for any government to ever save a job or create a job? It is not. Jobs follow people, not the other way around. Where there are people there are always enough jobs to go around. Governments should abandon attempts to "create" jobs or "save" jobs, for this is unnecessary and impossible in any case. Any government claiming to create jobs is concealing the fact they are simultaneously destroying an equal number of jobs. Short term job numbers may rise with job-creation schemes, but an equal amount of work will be knocked out of that economy in the near future.

In every society there are automatically sufficient jobs for all who wish to work. Unemployment and poverty exist only when people are denied access to credit, land and resources. Unemployment occurs when people are restricted from applying their effort to nature due to restrictive regulations, taxes, unions, guilds, quotas, tariffs, or exclusive monopolistic ownership. The freer the trade and the lower the taxes and regulations on labour and goods, the more jobs and the less poverty there will be. And the more nature is allowed to remain intact, since when government revenue is derived from the use and abuse of nature, rather than by taxing goods or labour, employing people becomes less expensive and nature becomes more expensive to squander or despoil.

Imagine an island with ten people on it. Obviously every one of these ten can contribute one way or another to the general welfare of all. Clearly there is some type of work

each can perform to benefit the community. Similarly full employment would exist if the size of the island was increased and the number of people was raised to a hundred, a thousand, a million, or to the billions of people on the Earth today. Only when people are denied access to credit and to nature, or their fair share of the equivalent wealth that accrues to nature, does unemployment and poverty exist.

It is impossible to import or export jobs. Rich countries claim they must attempt to stop or reduce the export of jobs to what we awkwardly call third-world countries, which they claim is a massive problem. If jobs have been "leaving" for decades, at the rates that they claim, first-world countries would be at well over 50% unemployment by now, yet they are at record levels of employment. Obviously new jobs are created as quickly as others leave or disappear. Where there are people there are jobs.

Of course, there is a large difference between a first-world job and a third-world job. The economies of first-world countries are more efficient, productivity per person is higher. Developed countries consider it critical to attempt to preserve manufacturing jobs, but these types of jobs are better done in the less efficient economies of developing countries where labour is less costly. Higher order jobs will replace outgoing lower order jobs automatically. Governments of countries with high education levels, strong social nets and sophisticated, efficient economies should not interfere with the constantly changing market place, nor fret about the loss of primary manufacturing, and should instead allow their companies to produce higher order, higher worth goods and services, and well paying jobs.

Recessions don't end till the speculative bubbles have deflated and land and resources once again become affordable; bailouts will only delay the recovery, and no jobs can be saved. But there are measures governments can take to both avoid future recessions and invigorate their economies. Recessions are not natural or necessary, and can be prevented. They occur because the tax structure punishes entrepreneurs and rewards monopoly ownership of strategically necessary, desirable, finite assets. Since there is more profit in monopoly control of finite resources (like oil, trees, land, water...) than in the production of goods or services, money is invested in capturing monopoly control of nature rather than in productive enterprises. When too much money chases too few assets (like land, oil and other resources) it inflates prices, tying up cash, causing bankruptcies, unemployment, and creating speculative bubbles which ultimately must deflate causing recessions.

What limits the number of jobs is the supply cost of natural resources to which labour can be applied and of land on which to establish businesses. Replacing the taxes on goods and labour with levies on resources and land will best kick start the economy and create jobs. Governments should tax "bads" not "goods". Untaxing jobs and businesses and instead collecting the economic rent that otherwise accrues to nature will conserve the resource base, eliminate booms and busts and invigorate the economy without resorting to desperate, futile and counterproductive bailouts.