

# Creating Jobs Is Counterproductive

BY ALBERT A. BARTLETT

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## Introduction

**E**ssentially every politician in America, at the local level, the state level, and the national level, promises to work to create new jobs in his or her jurisdiction. This seems to be regarded as the highest service a politician can render to constituents.

## The Paradox

Did you know that creating jobs in a community increases the number of people in the community who are out of work?

## The Micro-Explanation

Suppose the equilibrium unemployment rate in a community and across the country is 5 percent. A company comes into the community, builds a factory, and starts hiring people. This reduces the local unemployment rate to, say, 3 percent.

Then what happens? People from the outside move into the community to take jobs so that the unemployment rate is returned to its equilibrium value of 5 percent. But because the population of the community has grown, the number of unemployed people is now 5 percent of the larger population. When the equilibrium unemployment rate is

restored, more people are out of work in the community than before.

Every time you create 100 new jobs in a community, you create 4 or 5 more unemployed people in the community.

## The Macro-Explanation

Thousands of new jobs have been created in the last several decades in every major city that has experienced population growth. If creating jobs in a city reduced unemployment in the city, then each of these cities should now have an unemployment rate that is less than zero, whatever that means. In spite of all of the growth, the unemployment rate in these cities is never far from the national average unemployment rate. So creating jobs in these cities has caused population growth but it has not caused any long-term reduction in the unemployment rate, so more individuals are out of work than before.

## A Fundamental Truth

As long as people can move freely around the country to take jobs wherever they wish, creating new jobs in a community will always, in the long run, increase the number of people in the community who are out of work. So we can see that creating jobs in a community is an appealing mechanism for promoting population growth of the community. Considering all of the environmental destruction, congestion, crowding and increased taxes that are caused by growth it is clear that creating jobs is a promotion of quantity rather than quality. And we need to remember that, contrary to what the promoters say, the growth never pays for itself.

Population growth increases the rate of consumption of fossil fuels and other non-renewable resources so that these resources won't be available for the use of future generations. This led the late David Brower to say words to the effect that,

Promoting population growth is simply a sophisticated way of stealing from our children.

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I've heard Al Bartlett tell that before. He is correct, at least in virtually all cases.

My favorite example is the one I sent to Eben Fodor and which he used in his book *Better Not Bigger*. My numbers may be a bit off but essentially this is what happened: Anheuser Busch wanted to build a brewery in Fort Collins, CO. Opponents, like me, managed to get it on the ballot. How AB won the vote is another story but the jobs numbers are what we are talking about here. They promised to create c. 525 new jobs. The state Employment and Training Department's local office ran the screening process, which made this one of the few cases I know of where the statistics were kept. In order to apply, a person had to appear in person at the FC office of E & T to sign for an application in

the country. If they passed the first screening, they then had to appear for a personal interview. If they passed that they had to be selected for the training program. And not all who entered the training program were selected. So they had to be in FC three times before they were hired. Many of the thousands who came and were not hired stayed in town anyway and were added to our unemployment rolls. A perfect example of Al Bartlett's theory.



their own name. E & T did everything they could to get local people into the jobs. For the 525 brewery jobs in a city that was about 75,000 at the time, how many people would you guess walked in and asked for a job application?

I was an incredible 60,000! (Maybe more like 68,000, but as I said, I have not looked up the numbers and am writing from memory.) AB advertised nationally and people came from all over

on prime farmland north of town. The state spent \$12 million building a special interchange off I-25 for AB's trucks. And of the first two dozen building contractors working on the brewery, none were local. I could go on and on. This is one of the best (worst) examples I have ever heard of where the corporation profited and the people paid.

The citizens of Fort Collins ended up sadder "bud wiser." ■