The Job Creation Myth

I am constantly amazed at how sitting political leaders and naive citizens think that the government can create jobs. If the government could create jobs why would we ever tolerate any unemployment? Either the leaders are economically ignorant or liars.

If you only read one economics book I recommend ‘Economic in One Lesson’ by Henry Hazlitt. Hazlitt was not an economist, but a reporter and he wrote this book in 1946. This passage explains why the government is incapable of creating jobs without sacrificing at least the same number of jobs from the private sector.

> *This is what is immediately seen. But if we have trained ourselves to look beyond immediate to secondary consequences, and beyond those who are directly benefited by a government project to others who are indirectly affected, a different picture presents itself. It is true that a particular group of bridgeworkers may receive more employment that otherwise. But the bridge has to be paid for out of taxes. For every dollar that is spent on the bridge a dollar will be taken away from taxpayers. If the bridge cost $10 million the taxpayers will lose $10 million. They will have that much taken away from them which they would otherwise have spent on the things they needed most.*

> *Therefore, for every public job created by the bridge project a private job has been destroyed somewhere else. We can see the men employed on the bridge. We can watch them at work. The employment argument of the government spenders becomes vivid, and probably for most people convincing. But there are other things that we do not see, because, alas, they have*

> *never been permitted to come into existence. They are the jobs destroyed by the $10 million taken away from the taxpayers. All that has happened, at best, is that there has been a diversion of jobs because of that project. More bridge builders; few automobile workers, television technicians, clothing workers, farmers.*

This sounds so logical and obvious that I fail to understand why anyone would swallow the government promises to create jobs.