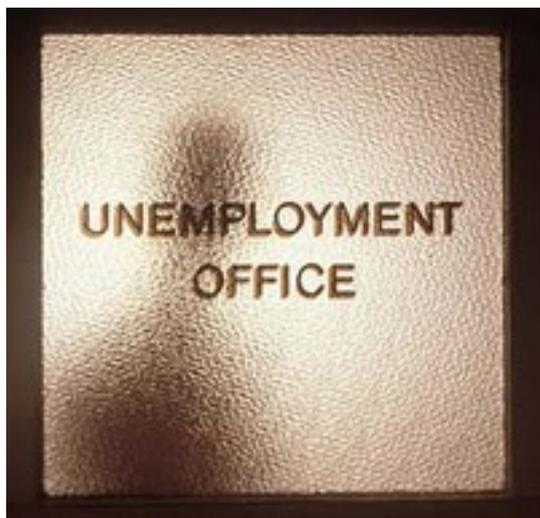


## **Common Error No. 13** [1]

Written by [Dr Madsen Pirie](#) [2] | Sunday 20 January 2008

### **13, "We should create public sector jobs to boost employment."**



There are no public resources, except those which government takes away from its citizens. If government is to spend money on projects, this means that private citizens are deprived of those funds.

Government can appear to create jobs by means of public spending. They can enter the market as purchaser for certain projects, and see new jobs apparently created in response. These new jobs owe their existence to that government demand, and many depend on it for their continuation, in that unless the spending continues at that level, the new jobs may disappear.

Government funds such projects by taking funds from the private sector, either by open taxation, by stealth taxes, by borrowing, or even through inflation. Either way, it takes away the funds which sustained jobs in the private sector. People have less to spend on the goods and services of private business; they have less available to invest in it. This means that temporary, government-created jobs are at the expense of real, lasting jobs in the private sector.

Furthermore, government commands goods and services inefficiently. It costs more for government to perform many deeds than it does for private business to do the same. This is because government bureaucracy is often more cumbersome and more costly. Lacking competition, there is no pressure to make it efficient.

Government-created jobs are often capital intensive, such as infrastructure jobs in road or bridge-building, and use a great deal of costly equipment for each person employed. By contrast, the luxuries foregone when the private sector is subjected to extra taxation tend to be in labour-intensive service areas such as dining out, hairdressing, etc.

The effect is to ensure that more jobs are destroyed than can be created. The problem is that political leaders are usually praised for the visible new jobs, without being blamed for those which quietly disappear

from the private sector.

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