

## [Regional Fund: Coalition's job plan destroys jobs](#) [1]

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By handing out cheques to selected companies, the Coalition expects to create or protect 201,000 jobs. Even though three quarters of bidders were disappointed, the government promised to [dole out £950 million](#) [3].

As state money does not grow on trees, it has to be raised elsewhere. Thereby destroying other jobs. The only thing we see is displacement: jobs are taxed away to subsidise the government's favourites. Nick Clegg, for example, who is the MP for Sheffield Hallam, announced the new plan while visiting Sheffield Forgemasters - which [will benefit from the government's profligacy](#) [4].

When governments pick winners, they invariably end up picking losers. This stems from the classical Hayekian knowledge problem: millions of decisions by people are infinitely better placed to allocate funds to guarantee maximum returns, than bureaucrats from Whitehall are. Investment decisions should be left to those who are best placed to assess them: the parties concerned. They are driven to success by risking their own money on their own projects. Let's make sure we follow up on the "success" of the winners in today's cash bonanza. It will make for a splendid disaster book in about five years time.

The government will hand over £1 to the private companies for every £5 of investment the companies can find privately. It is to be expected that most projects were planned a long time ago and would have been gone ahead anyway. And if they would not have happened without the government's cash, then they should not be subsidised, as the market had determined that it was not a sound investment.

One would have thought that after the disastrous bank-and country bailouts the government would have been wisened up enough by now not to gamble with taxpayers' money in this way.

It looks as if this year Wesminster's Father Christmases will fill company stockings with presents the companies paid for themselves.

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[3] <http://www.thisislondon.co.uk/standard/article-24003953-pound-950-million-growth-fund-boost.do>

[4] <http://www.guardian.co.uk/uk/2011/oct/31/sheffield-forgemasters-nick-clegg-jobs?newsfeed=true>

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