
IS JOB CREATION THE ANSWER TO POVERTY?

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By Jim Jordal

If you listen to conservative economists and politicians you'd think that job creation was the answer to poverty and all its associated problems. Almost every major speech by political conservatives mentions the subject and claims credit for having created millions of new jobs. And that's true as far as it goes. But there's another side to the story that's usually hidden behind a smoke screen of conservative hyperbole: Something is seriously wrong with our economy, and it's not going away.

One thing wrong is that most of these jobs are in the service sector and do not pay a living wage. At the present time about 1/3 of U.S. jobs pay less than \$9 an hour. The sad result is that even a full-time job at that level of pay will result in an income below the poverty level of about \$20,000 annually for a family of four. As Barbara Ehrenreich so artfully says, "If you wish to live indoors, you'll need two such jobs." The high-paying manufacturing jobs that used to provide adequate incomes and benefits are rapidly being lost. The "giant sucking sound" heard by Ross Perot is coming true as American jobs disappear into low-wage countries at an astounding rate. A recent newscast reporting a massive recall of Chinese-made toys tainted with lead paint made the revealing statement due to rigorous outsourcing no more major toy makers exist in the U.S.

Another problem is that almost never--no matter how pure its intent--is a developed or developing society able to create jobs as fast as population grows. Most economists would view South Africa with its rapid population growth as a developing society, yet its unemployment rate hovers around 40 percent overall, reaching 75 percent in some areas. And then there's explosively-growing Mexico, which can't even come close to creating enough jobs and must export its unemployment problem to the U.S. So the view that rapid population increase will create demand for goods that will in turn translate into enough jobs is at best wishful thinking, and at worst a cruel, destructive delusion.

Another issue concerns the effects of automation on the employment level. Mention this as a cause of unemployment and you often get tabbed a neo-Luddite, referring to early 19th century English artisans so fearful of technological progress and job loss that they sought to destroy newly-invented weaving machines. Actually, we shouldn't become paranoid over technological advance, since it has great potential to deliver human society from the curse of heavy toil and a scarcity of manufactured goods. But we need to be careful. One researcher predicts that by the year 2030 half of the jobs now existing will be lost to automation. Defenders claim that technological advance creates more jobs than it replaces, and that may very well be true in the long run. But these new jobs require a level of intelligence and creativity that is beyond many of our potential workers. So it is possible that great demand for skilled labor may coexist with low overall demand for labor, especially labor paying a living wage. This should not be seen as an argument against technological advance, but rather a recognition that it creates a demand for educated, skilled workers that our educational system may not be able to meet.

An allied issue is globalization. Properly managed and implemented, globalization could be a blessing to the world. But at present it is not, since it presupposes the easy transfer of productive factors to wherever they can be most efficient. We all know that capital (money) transfers around the globe with a keystroke, as do technological information and management skills. Natural resources also transfer readily due to modern transportation systems. But what of labor? Barring legal and illegal immigration, labor remains largely stuck where it exists. It cannot easily transfer to other shores, or even from rural to urban settings without a host of complicating and family-busting factors. Think of present difficulties in the Montana and Wyoming energy fields, where even an entry-level wage of \$12 an hour at MacDonaldis cannot draw enough workers. No, labor does not easily transfer, nor should it.

So next time you hear that poverty, homelessness, unemployment and lack of health insurance can be solved through job creation, think again.

It may be that the world of the future will be unable to provide a job for everyone needing or desiring one. What we need now is a system providing family income that is not dependent upon formal work, but upon the concept that all persons deserve at least a minimal share of the earth's wealth by virtue of nothing else but that they are God's creatures.