



Written by [Thomas Sowell](#) on July 11, 2012

Have More Jobs Been Created Than Lost During the Obama Administration?

One of the reasons for the popularity of political rhetoric is that everybody can be right, in terms of their own rhetoric, no matter how much the rhetoric of one side contradicts the rhetoric of the other side.

President Obama constantly repeats how many millions of jobs have been created during his administration, while his critics constantly repeat how many millions of jobs have been lost during his administration. How can both of them be right — or, at least, how can they both get away with what they are saying?



There are jobs and there are net jobs. This is true not only today but has been true in years past.

Back during the 1980s, when there were huge losses of jobs in the steel industry, the government restricted the importation of foreign steel. It has been estimated that this saved 5,000 jobs in the American steel industry.

But of course restriction of competition from lower-priced imported steel made steel more expensive to American producers of products containing steel. Therefore the price of these products rose, making them less in demand at these higher prices, causing losses of sales at home and in the world market.

The bottom line is that, while 5,000 jobs were saved in the American steel industry, 26,000 jobs were lost in American industries that produced products made of steel. On net balance, the country lost jobs by restricting the importation of steel.

None of this was peculiar to the steel industry. Restrictions on the importation of sugar are estimated to have cost three times as many jobs in the confection industry as they saved in the sugar industry. The artificially high price of sugar in the United States led some American producers of confections to relocate to Mexico and Canada, where the price of sugar is lower.

There is no free lunch in the job market, any more than there is anywhere else. The government can always create particular jobs or save particular jobs, but that does not mean that it is a net creation of jobs or a net saving of jobs.

The government can create a million jobs tomorrow, just by hiring that many people. But where does the government get the money to pay those people? From the private economy — which loses the money that the government gains.

With less money in the private sector, the loss of jobs there can easily exceed the million jobs created in the government or in industries subsidized by the government. The Obama administration's creation of "green jobs" has turned out to cost far more money per job than the cost of creating a job in the private sector.

In addition to reducing jobs in the private sector by taking money out of the private sector to pay for



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government-subsidized jobs, the Obama administration has made businesses reluctant to hire because of the huge uncertainties it has created for businesses as regards the cost of adding employees. With thousands of regulations still being written to implement ObamaCare, no one knows how much this will add to the cost of hiring new employees.

In the face of this economic uncertainty, even businesses that have an increased demand for their products can meet that demand by working their existing employees overtime, instead of adding new employees. Many employers hire temporary workers, who are not legally entitled to benefits such as health insurance, and who will therefore not be affected by the cost of ObamaCare.

When President Obama boasts of the number of jobs created during his administration, the numbers he cites may be correct, but he doesn't count the other jobs that were lost during his administration. His critics cite the latter. Both can claim to be right because they are talking about different things.

What has been the net effect? During this administration, the proportion of the working age population that has a job has fallen to the lowest level in decades. The official unemployment rate does not count the millions of people who have simply given up looking for a job.

If everybody gave up looking for a job, the official unemployment rate would fall to zero. But that would hardly mean that the problem was solved or that the "stimulus" worked. Creating particular jobs does not mean a net increase in jobs.

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