

# Forbes

## The FCC, Jobs And Rainbow Stew

Bob McTeer

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*“When they find out how to burn water,*

*And the gasoline car is gone.*

*When an airplane flies without any fuel,*

*And the sunlight heats our home.*

*One of these days when the air clears up,*

*And the sun comes shinin’ through.*

*We’ll all be drinkin’ free bubble-up,*

*An’ eatin’ that rainbow stew.”*

– Merle Haggard: Rainbow Stew

Would these be good things? Would we be better off if we could run our cars on water rather than gasoline, and fly our airplanes without any fuel, and heat our homes with sunlight? I think so, even though quite a few people would have to find new jobs outside the fossil fuels industry. Free goods are better than goods that require a lot of labor to produce. Workers should be used efficiently, where most needed—not used where they are not needed. Rather than count jobs, we should make jobs count.

Merle’s Rainbow Stew came to mind when I read that the F.C.C. Chair opposes the AT&T-T-Mobile merger because it would kill jobs. Now, I don’t have an informed view on the desirability of the merger, or whether it would create more jobs or destroy jobs. But I did a double-take when I saw potential job losses offered as a reason to deny a merger. That not only seems inappropriate, but backwards. In such cases, providing the same or more service with a smaller work force represents the productivity increases that raise our stand of living.

We can always support jobs by protecting inefficiencies, such as import protection or prohibiting labor-saving technology. We can create new jobs by replacing heavy construction equipment with shovels and then replacing the shovels with spoons. It once took about 90 percent of our population working on farms to produce our food. We now produce more food with two to three percent in farming. Many farm jobs were lost, but mostly it was the sons and daughters of farmers moving to the towns and cities to take factory and other jobs. Small farms consolidated into larger farms and no doubt killed some farm jobs in the process. Should that consolidation have been prohibited by the government to protect farm jobs? Should all those elevator operator, telephone operator, and bank teller jobs have been saved? Would we really be better off?

My answer is no. Labor-saving inventions, technology, business processes, and trade all increase productivity—output per hour worked—and form the basis for higher wages as well as higher profits and the basis for our growing standard of living. It seems counter-intuitive, but job losses through creative destruction are probably a better indicator of a rising standard of living over time than job gains.

We are all impatient with the slow job growth associated with the sluggish recovery, but the proper policy responses are appropriate monetary and fiscal policies, not regulatory interference based on the short-term job count. As for me, I'm with Merle. I like free bubble-up and rainbow stew.