Growth creates jobs

Employment is what holds our social system together: pensions, unemployment benefits and health insurance contributions are linked to the income of the working population. In other words, every person earning money from work pays a part of their salary into health insurance and pension funds and other forms of social security. Consequently, high levels of unemployment mean that our **social system** is no longer able to function properly. The effect of such a scenario: aged people would have to earn their own keep, and would no longer be insured if they required care; unemployed people would receive fewer or no benefits; patients would have to pay for treatment and medications out of their own pocket. This is not to mention the effect unemployment has on individuals, often placing them under financial and psychological strain.

But how does unemployment come about in the first place? **Technological progress** means that with each hour of work, more and more can be produced. This is known as "increased **labour productivity**". For example, the use of machines in a bread roll factory enables it to produce far more bread rolls than the bakery down the street, where rolls are produced by hand. As a result, fewer bakers are required to meet the demand for bread.

Productivity grows at an average rate of around 1% per year. This means that each year, the same quantity of bread rolls can be produced in 1% less time than in the previous year, or that 1% more rolls can be produced in the same time. In order to prevent unemployment as a result of this rise in productivity, the economy needs to grow. In other words, instead of producing the same with less labour, more must be produced with the same amount of labour.

To avoid losing jobs, the **growth rate** must be at least as high as the growth in labour productivity. This means that if 1000 bicycles can be produced in one year and 1010 in the next, these 10 additional bicycles must also be sold to avoid redundancies.

In other regions of the world, where the population is still growing, economic growth is even more important in order to create enough jobs to go around and thereby ensure income and prosperity.

Does growth create jobs?

Since the 1970s, unemployment levels have risen despite economic growth. Since this point, there has been little relation between unemployment rates and GDP growth.

The cause of this unemployment is not just constantly rising **labour productivity**, but also the **outsourcing of jobs** to the Global South and **higher demand** for jobs, particularly among women. According to the figures, economic growth of 13% would be necessary to eliminate unemployment in Germany. This is simply not going to happen in a country like Germany, where the growth rate has been around 1% since 2000, a figure which is likely to decline according to forecasts.

Nonetheless, politics clings to the conviction that growth alone can solve the problem of unemployment. The question of whether there is even a **need for more and more goods and services**, and whether the work performed is **meaningful to workers and to society**, is not asked. Do we really need more bicycles, cars, computers, haircuts or train travel every year? Is it meaningful in terms of society as a whole and the environment to have a new mobile phone every year, even if this does create jobs? Or does the production of so many mobile phones not perhaps create a whole raft of new problems?

The solution to unemployment lies in a new approach to the **distribution of labour**, not growth. Instead of producing more as a result of increased labour productivity, the time spent working by each person could be reduced. This would make it possible for many people to have a job and pay into the social security systems. Another model is the unconditional basic income, a system according to which every citizen, regardless of their economic circumstances, receives a fixed statutory financial contribution, without having to do anything in exchange.

Quellen:

M. Schmelzer, A. Passadakis: Postwachstum, Hamburg 2011; K.H. Paqué: Warum Wachstum? Sechs Gründe für eine gute Sache, Berlin 2012; M. Miegel: Exit – Wohlstand ohne Wachstum, Berlin 2010; BUND et al.: Zukunftsfähiges Deutschland in einer globalisierten Welt, 2008, Eurostat (http://epp.eurostat.ec.europa.eu/portal/page/portal/eurostat/home/)