

The Parable of Unemployment

Once upon a time, there was a small nation in a valley nestled in the remote mountains. The mountains were so high that these people were isolated from the rest of the world, and the soil of the valley was so fertile that they were always able to grow all the food they needed. They had to work long hours laboring in the fields, but this work let them produce enough food that they were healthy and happy.

Then, one year, one of the laborers invented a new way of sharpening his plow that let him plow his land more quickly, and all of the other laborers began sharpening their plows in the same way so they could do their work more quickly.

The next year, another laborer invented a new way of sharpening his scythe that let him harvest more quickly, and all of the other laborers began sharpening their scythes in the same way so they could do their work more quickly.

Now, the people had a new problem: unemployment. Because laborers could plow and harvest more quickly, this nation no longer needed all its laborers to produce its food. Some of the laborers were laid off, and the people all had to contribute to a public welfare fund to support the unemployed.

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The Economist's Advice

Foreign visitors to this nation were very rare, but fortunately, one was there at the time: an American economist. He explained to the people that this was the beginning of their industrial revolution. From now on, they would keep discovering new inventions that would let them get their work done more quickly.

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The economist told them that there was one way to avoid unemployment. A few of the people had to start producing advertising to convince everyone to eat more. Each year, new inventions would let the people get their work done in 2 percent less time, and so each year the advertising workers had to convince people to eat 2 percent more food. Then, the country would need all of its laborers to produce the food that people ate, and there would be no unemployment.

And one laborer stood up and said: “We already eat all the food we need to keep us healthy. Instead of eating more each year, why don’t we work less each year? Instead of eating 2 percent more, we could work 2 percent less each year. Then we would have all the food we need, and we would not have to work as much. Each year, we would have more time to sing songs and to tell stories and to play with our children.”

But the American economist answered: “You have obviously never studied economics. You cannot survive without economic growth.” And because he was an expert, the people followed his plan.

The advertising workers went around the country telling the people that it was glorious to eat more than your neighbors. When the country’s traditional festivals came, the advertising workers organized eating contests and gave awards and honors to those who ate most. Soon, the people began to believe that the person who ate the most was the person who they should admire the most. Now, the people ate all the food the country produced, and they still wanted more.

The economist told them that, each year, new inventions would let the people get their work done in 2 percent less time, and so each they had to eat 2 percent more food.

The Doctor’s Advice

Ten years later, the American economist visited the country once again, and he happened to bring with him a traveling companion who was a doctor. The people asked him how well they had succeeded at following his plan.

The American economist saw that the laborers had adopted many new inventions that let them produce 25 percent more food than they had the last time he was there, and he saw that each laborer ate 25 percent more food. The economists said that this was a growth rate of about 2 percent a year – not a bad growth rate, though it could be better. Most important, the economist said, they were eating enough to create jobs for everyone.

But when the American doctor who was traveling with the economist looked at the people, he said that they were suffering from an epidemic of obesity, and that they would die young unless they did something about it. He

recommended that, after finishing the day's work, the laborers should spend an hour jogging each day to keep their weight down.

And one laborer stood up and said: "Inventing new tools that let us do our work more quickly should make our lives easier, but instead it has made our lives harder. We have to work as long as we always have, and we also have to spend an extra hour jogging at the end of the day. If we all shortened our work hours by 2 percent each year instead of eating 2 percent more food each year, our lives would be easier, and we would not have make the extra effort to keep our weight down."

The American doctor answered, "Eating less would keep you weight down, but I cannot comment on your ideas about work hours, because I am not an economist." Then the American economist answered: "You have obviously never studied economics. You cannot survive without economic growth." And because they were experts, the people followed their plan.

The Ecologist's Advice

Ten years later, the American economist and doctor visited the country once again, and they happened to bring with them a traveling companion who was an ecologist. And the people asked the visitors how well they had succeeded at following their plan.

The American economist said that they had succeeded again, just as well as they had the last time he was there: there were many new inventions that let each of them produce 25 percent more food than they had ten years ago, and each of them also ate 25 percent more food. That was a growth rate of about 2 percent a year – not a bad growth rate, though it could be better. Most important, they were all eating enough to create jobs for everyone.

But the doctor said that they had not succeeded. Even though they were all jogging an hour a day, they were eating so much more food that they were even more obese than they were ten years ago. The doctor said that they should start jogging two hours a day to try to keep their weight down.

Then the ecologist looked at the farms in the valley and he said that their topsoil was being depleted. For many centuries, the people grew just enough food to keep them healthy, and they did not deplete the soil. But now they were growing much more food – and, the ecologist said, the valley could not sustain production of that much food in the long run. He said that the land was still producing food now, but the topsoil was getting thinner each year. In a

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few years, the topsoil would become so thin that crops would not grow and there would be a great famine in the valley.

And one laborer stood up and said: “Inventing new tools that let us do our work more quickly should make our lives easier, but instead it made our lives harder and now it threatens to kill us all. If we all shortened our work hours by 2 percent each year instead of eating 2 percent more food each year, then our lives would be easier, we would not have to jog to keep our weight down, and we would not deplete the topsoil of our valley.”

The ecologist said that, In a few years, the topsoil would become so thin that crops would not grow and there would be a great famine in the valley.

The American ecologist answered, “Growing less food would stop the topsoil from being depleted, so there would not be a great famine in the valley that would kill many people. But I cannot comment on your ideas about work hours, because I am not an economist.” And the American economist answered: “You have obviously never studied economics. You cannot survive without economic growth.”

And the laborer answered: “I have never studied economics, but I do have common sense. I know that we can survive as long as we produce enough food for ourselves. And I know that we cannot survive if economic growth depletes our topsoil and causes famine.

Common Sense

We Americans can learn from the common sense of this laborer.

During the 1930s, many economists believed the depression occurred because Americans already had most things that they needed, so there was not enough demand for all the products that new technologies allowed us to produce.

During the postwar period, rather than reducing work hours, America relied on advertising, freeway construction and suburban development to create the demand for new products; whether or not the products made our lives better, we believed that we had to consume them to create jobs and avoid unemployment.

Today, our consumer economy threatens the global environment, but rather than working shorter hours and living more simply, we are still listening to the economists who tell us that we cannot survive without economic growth.