Now just what would we do without the Resolution Foundation? [1]

Written by **Tim Worstall** [2] | Thursday 28 November 2013

This might be my favourite research finding of recent times. It comes from the Resolution Foundation who are worrying themselves over the incidence and persistence of low pay in the UK economy. Specifically, they're interested in working out who starts on low pay (less than two thirds of median hourly wage) and then manages to escape said low pay. At which point they tell us this [3]:

> Moving onto a higher wage remains a huge challenge for the low paid. While significant numbers do manage to move up the pay ladder, there are still far too many who remain trapped at the bottom, or who fall back onto low pay having escaped momentarily. Furthermore, many low paid workers struggle to earn more unless they switch occupations, sectors or in some cases move from small to large organisations.

Well fancy that.

One of the examples they use is of cleaners. And their research finding is that people who remain cleaners for a decade do not move up out of low pay but those who do switch lines of work have a better chance of escaping that low pay.

You could knock me down with a wet flounder at this point I tell you.

You mean that people who remain in low skill low productivity jobs don't start to earn higher wages while those who move to higher skill higher productivity jobs do indeed earn more? Are we going to have to rewrite the textbooks here or something?

Or should we accept this as the most mind-garglingly obvious point about how wages are determined in a market economy? Your choice but what a hole the absence of the Resolution Foundation would put in our understanding of the world around us, eh?

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