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The Face the Difference Report from the Fair Pay Network [1]

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This report [3] from the Fair Pay Network. It's really very cute indeed. Cute as in naive, childlike innocence.

Poor peeps who get poor wages working in supermarkets should get higher wages because it's just right that they should get higher wages. There is absolutely no acknowledgement at all that the amount of labour required, the number of jobs there are to be had, the number of people who will, can be or might be employed, is not a fixed number. They're seeing the whole thing in entirely static terms.

Yah boo sucks! to high profits and high executive pay, Hurrah! for raising the workers' wages.

No, I'm sorry, it really just doesn't work that way. It really is necessary to address, even if only to reject after having given us the empirical evidence that justifies such rejection, what a change in the relative prices of labour and capital will have upon the employment of labour. Or, if you want to put it another way, how many jobs will be lost by increasing the price of labour? And I'm afraid that you cannot say "none". That really isn't a believable answer.

See those self-check out lines? That's a sign that, at the margin, labour is already more expensive than capital in servicing the needs of some customers. See the Aldis and Lidls? Where they don't in fact do shelf stacking, they just cut the top off the manufacturers' boxes and you help yourself? That's a sign that at least for some shoppers that the labour that goes into shelf stacking isn't worth it. We have simple and direct evidence that, at that margin where all economics happens, the price of labour is already leading to substitution by capital, to doing away with certain labour altogether. Raising the price of labour will only move more currently employed labour over this line, to where it is more profitable to substitute the labour or even do without it entirely.

If the report had mentioned, even to dismiss as excessive or not believable, that a 10% increase in wages (just to pluck a number from the air) would lead to a 5% reduction in jobs (or 10%, or 1%, any number at all really, just acknowledging the relationship between the price of labour and the amount of labour demanded) then we might be able to take it seriously. Better wages for 800,000 people and none for 90,000 of the 890,000 employed in the sector is a position that can be argued about, defended from certain angles, attacked from certain others. But they don't mention it, not even to dismiss it.

There is an airy assumption that there are no costs to such an action, only benefits. Which means that they are ignoring the core truth at the heart of economics, that there are no solutions, there are only trade offs. Thus they're not being serious and we cannot take the report, the campaign or them seriously. Into the dustbin of history with them.

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