

## *The Minimum Wage Yet Again*

The minimum wage is back in the news again, especially in the UK where a shadow cabinet minister has resigned after being told to oppose it. The minimum wage is an idea that is grounded in idealism, the belief that every citizen should have a decent standard of living, but like so many ostensibly good ideas, when implemented it does more harm than good. The minimum wage has [been debunked](#) time and time again, so one more time won't hurt.



First some basics, in a free market or relatively free market, wage rates and salaries are determined by market forces. For a minimum wage to be meaningful, it must be set above the market rate. For example, if the minimum wage were to be set at £15 per hour, as currently being demanded, this wouldn't affect doctors, who are salaried and are always big earners in any case, but what about cleaners? What about leaflet distributors?

A hundred years ago, a man could eke out a living by pushing a broom; as recently as the 1950s or later, an ordinary working man could support his family on one income, with perhaps a bit of overtime while his wife, in addition to looking after their brood could make pin money by doing a part-time cleaning job or working in a shop. Those days are long gone, even though the overwhelming majority of people have a far higher standard of living nowadays, this comes at a price. A major reason for this is working women; the vast majority of women nowadays have jobs, vocations, or careers. This is good for them, those who enjoy being wage slaves or who are big earners, but one of the laws of economics is supply and demand. As more people enter the workforce, the cost of labour falls.

**The second and more important reason for ordinary and especially unskilled workers being unable to support their families on a single income is technology. How many men working manually does it take to plough a ten acre field? Considerably more than one man driving a tractor.**

**A third reason is the increasing number of people who are unemployable in any meaningful sense of the word regardless of technology. It is often claimed that illiteracy is widespread; this isn't the case, but there are plenty of people who are semi-literate, who have low IQs, who are dyslexic, and so on. Nowadays, being less than computer literate is comparable to being illiterate in an earlier age. There are mental defectives, more than there have ever been thanks to modern medicine. Then there are other people who are disabled, disreputable, unreliable, people with criminal records. These latter need not be serious; any relatively trivial conviction for an offence of dishonesty will disqualify someone from working in a bank, or a shop. A conviction for assault will rule out any job working with the young or vulnerable people, and an assault may simply be pushing someone.**

**The people at the bottom of society, the underclass, are trapped by a means-tested benefits system, which imposes difficult and at times impossible restrictions on them. Is it any wonder that so many people end up homeless?**

**Returning to employers, many low paid jobs are entry level, or jobs the 1950s housewives alluded to above would take to supplement their husbands' pay packets. At one time a pensioner might be seen clearing the tables in your local caff; these jobs are not worth £15 an hour, many are worth considerably less. This means that with a minimum wage, small businesses would have to pay some staff "off the books" (and risk prosecution) or cut costs somehow. This latter can mean laying off staff, not taking on more staff when otherwise they would, or cutting back on investment, which can be expensive. Either way, small businesses suffer. By contrast, big businesses are less adversely affected, even if they too have to lay off staff. This gives them a competitive advantage, which is the main reason big businesses are less opposed to state regulation of any kind than small ones. Indeed, [often they lobby governments](#) for increased regulation to destroy their competition.**

**A word here about public sector employers. They can always pay higher wages and salaries because unlike the private sector they are not dependent on company profits. But paying their staff more means increased national or local (rates) taxation.**

**So what is the solution? The only real solution is [universal basic income](#). This should be paid to all citizens - though wealthier ones would be free to opt out, and it would be non-means-tested, but, and this is a big but, UBI cannot be implemented with open borders. Heck, a country cannot exist with open borders, but that is another problem, one ordinary Americans and Western Europeans are going to have to deal with soon.**

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