Walmart employees will soon be slightly less poor

By <u>Steve Thorngate</u> February 19, 2015

<u>Some small good news for American low-wage workers</u>: Walmart is increasing its wages at the low end. By April, no Walmart employee will make less than \$9 an hour; a year from now it'll be \$10. The retailer is also moving to improve its scheduling practices, a source of worker complaints.

Walmart's decision is a voluntary one, made for business reasons. <u>Megan McArdle</u> <u>allows that politics played a role here</u>, both the <u>pressure from labor groups</u> and the fact that getting ahead of future minimum wage increases can allow the company to take credit for something that's around the corner anyway. But McArdle makes a good case that the main catalyst here is Walmart's changing business strategies, from more and better groceries to improved inventory practices:

What a lot of these changes have in common is that you need good workers to execute them well. (Terrible things happen in the grocery business unless you have an absolutely passionate commitment to rooting out expired meat and past-it produce.) Keeping stock on the shelves doesn't sound hard until you try to get resentful teenagers to actually do so. And so forth.

One way to get a more dedicated and experienced workforce is to pay workers more. They'll stay longer, and they'll be very eager to keep that job. Wal-Mart had clearly previously concluded that it didn't need a dedicated and experienced workforce composed of people who were really eager to keep their jobs. Now the company seems to have changed its mind.

Which doesn't mean higher wages aren't also the right thing to do, or that Walmart doesn't deserve a measure of good press for this. Still, it's sobering to see what low-skill jobs have been reduced to in this country. When the largest private employer in the U.S. decides it's in its own interest to pay workers more than the bare minimum, it does. But just a little more, and presumably only until its interests change. The

power is still very much on management's side here. In our post-union private sector, that much basically goes without saying.

Meanwhile, \$10 an hour means that if you work full time and support a family of three, you'll be <u>hovering right around the poverty line</u>. It's bad enough that we count on businesses to choose whether to keep their own employees from being poor. But even assuming a step like Walmart's is the only realistic option anymore, it's still a baby step at best.