WHY BIG RETAILERS WON'T LOSE A PENNY, EVEN IF THEY SUBSTANTIALLY INCREASE THEIR WORKERS PAY?

Way back in 1914 Henry Ford, perhaps the greatest of all American entrepreneurs, envisaged and implemented a wage policy that was to change the face of the middle-class workforce. He surprised the world by offering a $5 per day wage, which was more than double what his workers were getting till then. His move that was called foolhardy, insane among other things by fellow industrialists proved enormously gainful as employee turnover decreased considerably and the best automobile workers in Detroit and other parts of the country flocked to Ford, bringing human capital, experience and expertise, raising productivity and lowering training costs. It was a decision that was to set in motion the country's high- earnings, high-spending economy and the formation of its enormous middle class. What is surprising is that what was implemented with such astounding results almost a century ago is yet to find favor with America's big employers. Since the economic conditions that existed at that time were more or less similar, it seems appropriate that the country's retail sector apply the same revolutionary approach that Ford so courageously and so productively applied. Retail is a dominating power and plays a commanding role in the country's economy. It brings in $4 trillion in annual revenue and provides employment to upwards of 15 million people. Unfortunately however, many of the retails sector's employees, who are the sectors lifeline, are grossly underpaid. An average retail worker earns $21,000 per year, with cashiers earning a mere $18,500. A new study titled, ***Retail's Hidden Potential: How Raising Wages Would Benefit Workers, the Industry and the Overall Economy***, says that there would be a wide range of benefits all around if America's biggest retailers set $25,000 as the must-have wage for full-time, year-round employees. This, the report says would bring out millions of American workers out of poverty, reinforce the American economy and amazingly, not cost the retailers an additional penny but bring in more earnings as their productivity would improve. The retail industry is booming and their earnings this year were the best in over a decade. Walmart earned a mind-boggling $16 million last year. While its workers have faced unparalleled problems since the recession began 5 years ago, the retailing giant has seen its net sales escalate by $70 billion during this period. Workers in the sluggish economy have faced greater than before workloads at lesser pay. Ironically while their productivity rose, their wages declined. America's biggest retailers, whose workforce exceeds 1,000 employees, can easily afford to pay their employees a minimum of $12.25 an hour, which is what they would have to pay hourly to ensure the proposed base price of 25,000. The Demos study says that the wage increase would cost the major retailers around $20.8 million, which is around a percent of the retails sector's $2.17 trillion in total annual sales. However, even this would be offset by the increased purchasing power, triggered by the increase in wages that is calculated to increase annual retail sales between $4 and $5 billion. Even if it costs the retailers some money, it's a small price to pay for the huge positive impact it would have on the lives of millions of Americans and boost economic prospects of the nation. The study says that it would bring 700,000 out from under the poverty line and also ensure that those living on the fringes of this line don't go under it. The resultant consumer demand would also create 100,000 new jobs. Considering that there are 50 million Americans who the Census Bureau lists as poor and an additional 50 million who barely manage to subsist on their meager pays, it is time the retailers took on some responsibility and raised the compensation of the workers.