



Rodney's Take

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A Nation of Convenience Looking for Workers

I still read the physical newspaper. I like scanning the pages, which I can do faster in print than on a tablet, and there's just something comforting about the printed page. It costs a lot more to get the paper delivered to my driveway than to read it online, but I'm fine with that.

If you get the physical paper now or did in the past, then you know that occasionally the paper or the delivery service will include an ad. I'm used to seeing offers for *The Economist* or similar fare, but the other day my paper included an ad that made me do a double take. The photocopied sheet, titled "Trash No More," promised to make trash day easier both by taking my trash cans to the "curve" in the morning before pickup and then by retrieving them in the evening, all for the low cost of \$30 per month.

I live in a nice neighborhood, but the lots aren't huge. The distance from the homes to the curb isn't more than 50 feet, so this isn't about completing a difficult task. It must be about convenience. Assuming my delivery guy has takers, these people are willing to pay \$30 per month, or about \$7.50 per week, to have someone roll or carry their trash cans fifty feet. Assuming two cans and two pickup days each week, that's around \$1.90 round trip for each can. If it takes him up to a minute to complete the task morning and night on the two trash days a week, he will make \$7.50 for working four minutes, or \$112.50 per hour, which would be more than \$200,000 per year if he could keep up the pace.

He won't maintain that pace for eight hours a day, and logistical concerns such as dispersed clients and a lack of potential clients to fill his calendar will act as natural limiters. Taking into account travel time between homes or the added time required to stop at each home if he's also delivering the paper, I wonder if he'll make much money compared with having a normal \$15/hour job. Still, you've got to love the boldness of the plan: "Pay me a couple of bucks and I'll move your trash cans 50 feet at the appropriate times so that you don't have to."

As I marveled at the fact that other people would pay for such an extravagance, my hypocrisy hit me in the face. I received the ad tucked into the physical paper, which I pay the media company to print, send to a distribution center, and then truck to dispersed drop-off points so that my delivery guy can tuck it into a bag, drive it to my neighborhood, and throw it on my driveway around 5:00 AM. I could just read it online. While the newspapers have pushed their digital costs close to that of the physical—resources.

I do it anyway, because I want to—and I'm not alone. We pay for many services that we could do ourselves, and we do it because we want to. I always found it funny that so many of us will pay people to mow our lawns and wash our cars even as we try squeeze in a workout at a gym, where we pay for membership. It's as if we're paying twice, once for the convenience of not doing chores and again for the chance to exercise.

That's one of the great things about capitalism: people can choose for themselves the best way to voluntarily exchange value in a way that leaves both sides better off. But as businesses large and small are reporting, we appear to be running out of workers at the low end of the wage scale—the same ones who provide us with our daily conveniences.

The National Federation of Independent Businesses (NFIB) reports that 44% of respondents said that they were having trouble filling open positions. That's a record high since the survey started 35 years ago. A McDonald's location in Tampa, Florida, is paying people \$50 just to go through the job interviewing process.

With economic restrictions just now easing, child care still hard to come by, and \$300 weekly federal unemployment bonus checks still going to the unemployed, there are lots of reasons to think that the labor crunch at the low end of the wage scale is temporary. But what if it's not? What if we're reaching a national limiting factor on the number of things we want people to do for a modest hourly rate, simply because there aren't enough people to do them?

The first natural adjustment will be price. If this low-end labor crunch continues, we can expect any business that relies heavily on that labor pool, from lawncare services to restaurants, to raise their prices, which will take more cash out of our discretionary budgets. The next adjustment will be to productivity. While the McDonald's in Tampa is trying to hire more people, other locations are installing customer-operated kiosks, pushing the low-end tasks onto the customers in an effort to hold down costs and maintain profitability by raising the productivity of the remaining employees. We've already seen this at self-checkout registers in grocery and home improvement stores.

As economic pressures associated with the pandemic fade over the summer and in the fall, we'll get a better understanding of the composition of the labor market and of what we can expect in 2022 and beyond. If a rising economic tide lifts all boats, then paying more for current conveniences won't be an issue. But if the cost of convenience rises faster than income, many people could find themselves shopping for a lawnmower to eliminate the cost of lawn services... or maybe could find themselves switching completely to online news.

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Got a question or comment? You can contact us at info@hsdent.com.