

# Free Market Prophets Don't Want a Free Labor Market

When workers insist on getting a better deal, capitalists always want the state to intervene.



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Capitalism is full of curious contradictions. For instance, capitalists think that the state should not intervene in the markets. Except when it comes to the labor market. The Biden administration provides the latest example. They legislated that railroad workers should just suck it up when they are ill. This is not a uniquely American phenomenon, by the way. Last year in Denmark, the state also intervened when the nurses went on strike.

## How Real Is the Shortage in the Labor Market?

It is funny, though. We keep reading headlines, that almost all western countries have labor shortages. 'The narrative goes, that there are too many old people. There is a shortage of skilled workers. Especially in the sectors

we now know are essential.

Yet somehow the labor market is magically exempt from the laws of supply and demand. Take the teacher shortages, for example. We know that teachers are leaving the education system in droves. In pretty much every western country.

Germany, where I live, is no exception. What does every economics class teach us that should happen in such a situation? The labor market is also a market, is it not?

Such a market situation will always provide the same answer in classical economics. It is a matter of supply and demand. If the supply, i.e. people willing to sell their labor decreases, the demand side must react. For instance by providing better salaries, or working conditions. But the opposite is happening. In extreme cases, teachers get degraded in public. They receive all the blame for every ill, that befalls society.

But it never does occurs to politicians, that they could retain teachers. By actually appreciating the work they do and paying them proper salaries. So, we don't really have a teacher shortage after all? We suck at retaining them.

Other sectors produce a similar picture. Take healthcare. The burnout rate among healthcare workers is insane. And every time essential workers demand better conditions, the media is ready. They lay the blame on those workers for everything.

## According to the Media, Employees Are the Only Actors in the Labor Market

I remember the strikes of the nursing staff in Denmark last year. Every time there was an interview with a striking nurse the following question came. "Don't you have any remorse for the patients that are suffering because you are going on strike?".

How sick is that? It is obviously not the responsibility of healthcare administrators to employ enough staff. So that the staff can actually take care of the patients. No, that is the responsibility of the nurses themselves. They just have to work harder. At best, they can get a few claps during a pandemic.

We all know, that the workers are the ones yielding the greatest power in the labor market. They are the only ones with any power if we should believe our

media. Employers do not have the power to hire more staff. Or provide paid sick leave. And certainly not raise salaries. Because that would lead to hyperinflation.

You see, the workers even get the blame for this one. Inflation is completely unrelated to companies raking in obscene profits. Especially in a crisis situation like a war, or a pandemic. Fossil fuel companies would never do that.

By the way, that is the same argument that is being used against the striking railroad workers. The Biden administration claimed that the strike will ruin the economy.

So, railroad workers can never get higher salaries or better working conditions. If the railroad workers strike, they alone are responsible for crashing the economy. Of course, the capitalist cronies are cheering on Biden for this. The labor market should only be free when it suits them.

## Free Movement of Labor Does Not Necessarily Benefit Workers

When I was still living in Denmark, I lived near the headquarters of a large catering firm. I knew several of the workers and the manager personally. He once told me, that they didn't even advertise jobs in danish job databases anymore. His argument was, that danish people wouldn't do the back-breaking work. At least not at the salary they offered.

Of course, these workers from eastern Europe are free to seek employment. Wherever they wish. But it is noteworthy, that the EU rules of free movement of capital and labor had a curious effect. Especially in local labor markets in western Europe. The salaries did not rise when production did. Often, migrant workers are not in a union. It makes it easy for employers to circumvent minimum international labor standards.

Even when the state is the employer, they do not shy away from exploiting migrant workers. There is a good reason, why an Italian company got the deal to build the Copenhagen Metro. It's easy to give the cheapest offer when you don't pay your workers.

This is the true objective behind the EU laws. To make it as easy and cheap as possible to exploit workers. Legalizing the undermining of local labor standards is an intervention in the market. On behalf of employers, of course. Migrant workers are not protected by local work safety standards. Or other local labor standards such as minimum salaries. This way, it will always be impossible for local companies to stay competitive.

This is also why our leaders always go for hiring foreign-educated workers first. Like when Germany hires health care workers from the Philippines. That is easier than giving in to the demands of German healthcare workers.

The State Only Intervenes in the Labor Market on Behalf of Capitalists



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There is another trend by capitalists to undermine the negotiating power of workers. It is the Gig Economy. In essence, it is the return of day labor. Often, the lawmakers side with employers. They allow or even legalize these practices. Even when they undermine fundamental labor standards agreed upon by the ILO. You know, standards such as a salary that you can actually live on.

Notice that governments only intervene on the side of employers. This has been the case all throughout history. Every bit of negotiation power that workers have, they had to fight for with blood, sweat, and tears. When the state did intervene, it always sided with the capitalists. Only when there was no other choice, did they give in and make laws that gave workers more protection.

We didn't get the 8-hour workday handed to us. Work safety standards were not handed to us either. And it is still the norm for many essential workers to get lousy salaries, that don't cover the cost of living. Workers throughout history fought for these rights. They still do. Often, they paid with their lives. So, when capitalists whine about workers who 'Quiet quit', here is what they mean. They are afraid, that workers should get more negotiating power in the labor market.

Any time they are at risk to provide better deals to their workers, they scream for the state to intervene. While at the same time preaching the virtues of the free market. Unfortunately, in most cases, the state is ready to listen. Just like Biden did.