

Re: How does productivity turn into higher wages?

Source: <http://sci.tech-archive.net/Archive/sci.econ/2005-01/1167.html>

zerge_at_hotmail.com

Date: 01/18/05

Date: 18 Jan 2005 11:36:42 -0800

Bill wrote:

> "Igor" <jjweatherby@houston.rr.com> wrote in message
> news:dS_Gd.26183\$Ta2.13935@fe2.texas.rr.com...
> > wilfred wrote:
> >> <zerge@hotmail.com> wrote in message
> >> news:1105994298.131535.139850@z14g2000cwz.googlegroups.com...
> >>>
> >>>>r...@telus.net wrote:
> >>>>
> >>>>>On 17 Jan 2005 08:21:29 -0800, zerge@hotmail.com wrote:
> >>>>>
> >>>>>>
> >>>>>>>As productivity increases in an industry or in a country,
salaries
> >>>>
> >>>>tend
> >>>>
> >>>>>>to rise.
> >>>>>>>Can anyone explain the cause-and-effect that leads to this
dynamic?
> >>>>
> >
> > It is very simple. As productivity rises firms wish to hire more
workers.
>
> That may not be true. For example, if you fully automate a factory
you may
> need less people.
>
> Bill
>
>

Less people per unit produced, sure. But not necessarily less people in absolute terms. Productivity and number of workers in absolute terms are independent variables.