



Written by [Bob Adelman](#) on April 19, 2021

“Hero Pay” Mandates Are Putting “Heroes” Out of Work

Thanks to “hero pay” or “hazardous duty pay” mandates passed by politicians suffering from hubris, ignorance, and socialist ideology, grocery giant Kroger [closed two of its stores](#) in Long Beach, California, on Saturday. In its announcement, the chain said:

As a result of the City of Long Beach’s decision to pass an ordinance mandating Extra Pay for grocery workers, we have made the difficult decision to permanently close [two] long-struggling store locations in Long Beach.

This misguided action by the Long Beach City Council oversteps the traditional bargaining process....

[It] will add an additional \$20 million in operating costs over the next 120 days, making it financially unsustainable to continue operating the ... underperforming locations.

Despite our efforts to overcome the challenges we were already facing at these locations, the extra pay mandate makes it impossible to run a financially sustainable business that ensures our ability to continue serving the Los Angeles community.



Kipp Teague/flickr.com

Apparently none of this makes any sense to the politicians who voted unanimously to put those “frontline heroes” out of work. When Los Angeles County followed Long Beach’s move, also unanimously, it trotted out its explanation:

Frontline grocery retail and drug retail workers are among the heroes of the pandemic, putting their lives on the line — often for low wages and minimal benefits — to maintain the food supply and distribution system.

Despite their importance to our communities, their employers have not all provided sufficient wages ... to compensate frontline employees for their critical function to our society and the significant risk they face.



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The disease hasn't just infected politicians in Long Beach or Los Angeles. Their brothers and sisters in Berkeley, Oakland, San Francisco, and in Seattle have all passed similar "hero pay" laws, with similar results. Kroger had already shuttered three of its stores in Seattle.

And when Kroger made its announcement — effectively putting out of work the very people the politicians thought they were helping — it didn't awaken any of them to the inevitable result. Instead, it "saddened" one councilperson: "It saddens me that they [Kroger] would rather take away 200 jobs instead of doing the right thing, which is paying hazard pay for these grocery store workers."

Reality is a foreign concept to many politicians, especially those who have never had to meet a payroll in their previous lives. The reality is an economic law that cannot be repealed by ignorant politicians: In a free market, demands will be met only if it can be done profitably.

Profit is not a pejorative, but a vital ingredient that provides the reward for the risk taken by companies to open a store in the first place. Margins in the grocery business are notoriously low — between one and three percent of gross sales. By raising costs an estimated five percent, that economic law will force companies such as Kroger to close their now-unprofitable stores and instead concentrate on stores that are operating in the green.

In response, however, politicians offended by the operation of that natural economic law are taking their hubris to another level. Last week, two members of the Los Angeles City County introduced a motion to investigate Kroger for its decision to close its now-unprofitable stores.



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