

Ten myths about minimum wage, and why it is generally a very bad idea!

Myth #1, Minimum wage means that employers must keep their employees and pay them the new minimum wage. No, sadly, it really doesn't. Instead, it guarantees that many jobs will be lost, that others will become part time, thereby paying less than before, including loss of benefits. And most of all, it insures that people can no longer find or do many previously available low level, low paying jobs that really need doing!

Myth #2, Rich employers hide money under their beds so they don't have to pay higher wages. Needless to say, this is also false. Because, obviously, it's hard to hide money under a waterbed. i.e. The economics of businesses simply do not change because of minimum wage controls or aqueous sleeping units. Competition in a free market economy ensures this. So, if the employer couldn't afford \$15/hr before the law changed (or a waterbed with a built in safe), then he or she also cannot afford it after the law changes! This forces drastic alternatives, first and foremost, all of those unaffordable employees **must and will be** fired. What else can be done? It's that or bankruptcy. But to maintain the business, after firing the "too expensive employees," the alternatives are equally drastic and permanent. They include:

- *automation
- *out sourcing to foreign countries
- *terminating some or all services
- *employing more educated and capable employees who can also clean toilets
- *degradation or loss of some products and raw materials (so much for that special sauce)
- *reduced maintenance (a little more grunge, a little less grass and glass)
- *reduced hours, fewer benefits, and fewer full time jobs.
- *less desirable locations or a smaller number of square feet.
- *JIT stuff, the president washes the windows, mows the grass. Jobs are rotated hourly, with reduced hours. And the business shuts down once sales for the day are met. Now, that \$30/hr guy now also does the \$6/hr job, but such "multi-tasking" eliminates the low paying jobs by making the remaining jobs less desirable, part time, and often less profitable.

Myth #3, Minimum wage provides a better standard of living for the employee. First of all, the existing employee gets a little less desirable job and income. That's sad. But tragically, the people who have to be fired are generally the less capable, or less contributing. And many of those people took jobs for the purpose of raising their standard of living, e.g. for on the job training, as a wage supplement, for social engagement, to keep busy, for earning seed money, or because of propinquity to home, other jobs, or to loved ones. Some jobs are simply taken for exercise, to avoid legal liability at some task, to escape danger, or to nurture some opportunity, and not for the wage!! Unfortunately, those opportunities are now gone!

Myth #4, Minimum wage eliminates abuse. Really? In my experience, people are exceptionally good at avoiding abuse. Farm jobs are an example, shoveling grain, manure, castrating pigs, tilling fields, planting, harvesting, processing foodstuffs, feeding animals. Those jobs are dangerous, hated by some, loved by others. Are they abusive? No, not by any simple definition. But they are repetitive, dirty, and often somewhat mindless. In return, you may get some exercise, fresh air, food, clothing, shelter, and considerable job satisfaction, but generally not much more. And those jobs may only be worth pennies per hour, but they have to be done, and many people love doing them! Not doing them creates a very peculiar nightmare, where mountains of actual smelly materials, mountains of trouble, can seem to accumulate overnight. Cleaning ovens, mowing grass, washing floors, tables, windows, toilets, counters, restocking inventory, these jobs too are often periodic tasks, not every day, but tedious, and sweaty, and not desirable on many levels. Abuse? No, just hard work with a low profit potential, jobs

that must be done and might be suitable to a college student or a would-be welfare family, while getting you out of the house, or away from life's troubles, and while doing something useful and much needed. Sadly, under pressure, most of these jobs can be automated or eliminated. A larger farm, say a twenty thousand acre farm, for example, rarely sees a live animal unless they are "free range" and "on their own." i.e. no feeding, cleaning, etc.

Myth#5, It's good for the economy. Statistically? No. The metrics are not there, and in fact, all the problems mentioned above make minimum wage a pariah, a bad joke, something to be avoided, and something ruinous to most businesses, most people, and to the most robust of economies.

Myth#6, The crappy jobs disappear. Yes, well this one is obviously true. When minimum wage is raised to \$15/hr, cows stop pooping, grass stops growing, grocery shelves automatically restock themselves, septic tanks don't need cleaning, and college students don't need to work for money to go on dates, buy books, or to fuel their dad's car. It's all very magical!! The alternative, the world is stripped out, less sustainable, and a bit dirtier. Did the store, Aldi's, foresee the future?

Myth#7, Employment choices improve. No they don't. They may appear to do so. Indeed, the herd is thinned so to speak, in a visible way. That kid with the brain damage isn't cleaning floors down at the Burger Barn any more. But in fact, like the old Soviet Union, the jobs still must be done, and hence, too often, they are taken over by criminal enterprise! Many of the more attractive possibilities, seem to simply disappear. e.g. All those jobs you did as a kid, technically, can no longer legally exist, right? ... But they do somehow manage to survive. \$15/hr lemonade stands, door to door selling magazines, or mowing grass jobs may not be legally possible!! But the jobs remain, undocumented perhaps, but they persist. Cleaning stables, tilling fields, hand pulling weeds, killing rodents, milking cows, stocking mfg. shelves, painting fences, indeed, most of the stuff I did to earn money for college... those things are soon hidden, gone underground. But while those jobs may appear to vanish, most are not actually eliminated. For society to remain simple, and functional, they cannot. And so they get done off the books, by illegal aliens, by lone wolf contractors, or by a wide variety of somewhat ephemeral criminal enterprises. This is kind-of the magic flip side of myth #6, you might say the dark underbelly. And like the movie "Demolition Man," you will always be able to find that very tasty rat burger, if you just know who to talk to. People are funny that way. They cope!

Myth #8, A rising tide raises all ships. The actual truth, the Congressional Budget Office (CBO) found this rising tide is likely to cost 1.7 million jobs with no corresponding increase in overall wages!! In fact, overall wages are estimated to decrease along with overall household income. That's not good. In fact, that is one very good reason to stop this madness.

Myth #9, Well, but it will help the poor, right? Quoting an article by Jarrett Skorup for The Hill. "Many proponents of raising the minimum wage think it helps poor people, but, overall, it doesn't. Most people who earn low wages aren't living in poverty!!— in fact, most live in families earning more than the average U.S. income. That's because most (of these earners) are often the second, third, or fourth income earners in a family (and often working multiple jobs)." They are not the primary wage earner. "Instead, most people who live in poverty don't work at all, and only 10 percent of adults in poor households work full time. Even more liberal economists, and some proponents of minimum wage mandates, acknowledge a higher minimum wage isn't likely to affect poverty rates," at least not in a positive way. "A hike in the minimum wage won't help those in poverty; in fact, it is likely to make it harder for them to find a job, the real ticket out of poverty." In short, yet another valuable and important economic option for the poor is being scuttled in the name of economic mythology, simplistic thinking and glad hand, grand standing politics. In short, many poor families will be further

forced into an economic straight jacket of welfare, with no simple way out. Or as one young woman, from a welfare family, told me some 60 years ago as I stood on the doorstep of Sauter's Market in Fort Wayne, Indiana, "You just can't get there from here." And, after talking with her further and after asking quite a few people, I found out, much to my surprise, she was quite right! One reason, the primary source of that government paycheck, back then, came from having more and more children, and then putting them to work in the streets, often then creating a cycle of self perpetuating squalor, truancy and even crime!! Low IQ often then begets, literally, a higher reproductive rate. Wonderful!!

Myth #10, We're doing this out of the goodness of our heart. Is that true? Because I can think of at least three reasons, none of which actually do that at any government level. For example, at first it sounds good, so being a bit naive, or not thought through, one might endorse such a plan. It seems like an easy solution, people complain about their income, and their government representatives listen and try to fix the problem. But this opens a second, and more sinister probability, if it sounds so good and makes such good political grist for the mill, (or as Thomas Sowell once noted, "There are no solutions; only trade-offs.") why not look the other way and shuffle that deck to win elections? i.e. The political truth is, any useless act that sounds good enough maybe capable of winning elections. Hence, this particular faux naivete could win by being especially popular among labor unions and "good deed doers."

But there is also a third, even darker, and not so friendly possibility. Observe that the current minimum wage law provides some exceptions for youths, farm workers, for accepting tips, and for people with disabilities. But the Biden plan gets rid of most of those protections and would harm those same exempted workers. Why? Because even with cross the aisle concessions, my thinking suggests a darker motive. Is this yet simply another logical step toward socialism?... more dependence on government, less dependence on self reliance, imagination, self determination, and profit motive,... a place where the great men of commerce, invention, and change suddenly become the "enemy within." This actually happened in the old Soviet Union, jobs were guaranteed. You didn't have to work, think, perform, show up, etc. Although you could get jailed for criticism or gold bricking. But you still were paid the amount specified by city computers. It was Marxist Utopia!! but with a few serious glitches: no personal accomplishments, businesses, property, tools, or dreams were allowed. Farm cooperatives were often taken over by the black market (remember those dirty little jobs?). Freedoms were gone, initiatives were discouraged. And why work, there were no incentives? Only the government was allowed to dream, plan, create enterprise, or move forward, and then only grudgingly. Religion was forbidden. Law and morality became arbitrary, reflecting instead the meandering wishes of the state, and/or of the pogroms du jour, government violence targeting the oft imagined "trouble makers." Is this the cold dark night that many in the current Biden administration are so anxious to install, to lead us into. And yet minimum wage isn't worthy of understanding even that one simple line in the US Constitution, "We hold these truths to be self evident, that all men are created equal?" It is, in fact, the very definition of government enforced inequity... and not in a good way, as shown here, not in a good way at all!! I have been amazed that the left discourages the notion of corporations as having the rights of individuals, when in fact, they would endow the government with many of those same rights while adding in such sterling properties, such wonderful things, as pettiness, greed, vengefulness, hate, repudiation of others, slander, monster ego, bullying, neglect, disrespect, wastefulness, litigiousness, haughtiness, and fear of the electorate, i.e. a fear of the rights of man, of other individuals!! Darn shame too..... Maybe we should do some AI tweaking and begin by renaming the government "Google" instead of Uncle Sam, "Hey Google, what's with this mythical minimum wage stuff anyways?"

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