



## Should a Policy's Racist History Matter?

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It's funny. Left-wing opponents of school choice frequently carp about the fact that some segregationists thought school vouchers would be a swell way to avoid sending their kids to school with blacks, as though that's a reason to oppose them today, even though research shows that school vouchers foster racial integration and their primary beneficiaries tend to be black and brown kids.

If so, why isn't the extremely racist history of the minimum wage also relevant?

Progressives originally designed the minimum wage to keep racial minorities out of work. As Princeton Professor Thomas C. Leonard, author of *Illiberal Reformers: Race, Eugenics and American Economics in the Progressive Era*, detailed in the *LA Times*, progressives in the early 20th century proposed the minimum wage as a solution to the supposed problem of "race suicide," the idea that immigrants and racial minorities were working for cheap wages, thereby undercutting the wages of American-born whites, who in turn had fewer children rather than lower their standard of living. (You hear echoes of this in the modern alt-right's complaints about "white genocide.") In the long run, these eugenics-enamored progressives feared that "inferior races" would "outbreed and displace their white Anglo-Saxon betters."

Progressive economists proposed a minimum wage as the ideal remedy. It lifted up the deserving while excluding the unworthy and did both in the name of progress. Journalist and progressive social reformer Paul Kellogg in 1913 advocated a minimum wage of \$3 per day for all immigrants, double the \$1.50 per day ordinary laborers were then paid. Kellogg knew that no firm would hire an unskilled immigrant for \$3 per day. That was the purpose of his high minimum wage, as he wrote, to exclude "Angelo Lucca and Alexis Spivak" from American shores, thus protecting American jobs for "John Smith and Michael Murphy and Carl Sneider."

Progressives are no longer motivated by such racist beliefs, but the minimum wage still disproportionately harms racial minorities. The low-skilled workers priced out of the lowest rungs of the ladder of economic opportunity are primarily poor black teens.

As Milton Friedman said in an interview several decades ago, "The people who have been hurt most by minimum wage laws are the blacks. I have often said that the most anti-Negro law on the books of this land is the minimum wage rate."

Recent studies confirm the minimum wage's negative impact on employment:

A new working paper from the National Bureau of Economic Research finds that significant minimum wage increases can hurt the very people they are intended to help. Authors Jeffrey Clemens and Michael Wither find that significant minimum wage increases can negatively affect employment, average income, and the economic mobility of low-skilled workers. **The authors find that significant “minimum wage increases reduced the employment, average income, and income growth of low-skilled workers over short and medium-run time horizons.”** Most troublingly, these low-skilled workers saw “significant declines in economic mobility,” as these workers were 5 percentage points less likely to reach lower middle-class earnings in the medium-term. The authors provide a possible explanation: the minimum wage increases reduced these workers’ “short-run access to opportunities for accumulating experience and developing skills.” Many of the people affected by minimum wage increases are on one of the first rungs of the economic ladder, low on marketable skills and experience. Working in these entry level jobs will eventually allow them to move up the economic ladder. **By making it harder for these low-skilled workers to get on the first rung of the ladder, minimum wage increases could actually lower their chances of reaching the middle class.**

Most of the debate over a minimum wage increase centers on the effects of an increase on aggregate employment, or the total number of jobs and hours worked that would be lost. **A consensus remains elusive, but the Congressional Budget Office recently weighed in, estimating that a three year phase in of a \$10.10 federal minimum wage option would reduce total employment by about 500,000 workers by the time it was fully implemented.** Taken with the findings of the Clemens and Wither study, not only can minimum wage increases have negative effects for the economy as a whole, they can also harm the economic prospects of low-skilled workers at the individual level.  
[emphasis added]

But some of the most prominent backers of the “Fight for \$15” aren’t really concerned about the negative impact because they have ulterior motives. As Friedman explains in the video above, it’s a classic “bootleggers and Baptists” situation:

Almost always when you have bad programs, you have an unholy coalition of the do-gooders on the one hand, and the special interests on the other. The minimum wage law is as clear as case as you could want. The special interests are, of course, the trade unions.

Exactly so.

Indeed, the unions — which have their own racially troubled history — aren’t even shy about signaling their true intentions. In Los Angeles, which is now in the process of hiking its minimum wage to \$15/hour by 2020, the unions are already asking for an exemption:

Los Angeles city council will hear a proposal on Tuesday to exempt union members from a \$15 an hour minimum wage that the unions themselves have spent years fighting for.  
[...]

Union leaders argue the amendment would give businesses and unions the freedom to negotiate better agreements, which might include lower wages but could make up the difference in other benefits such as healthcare. **They argue that such exemptions might make businesses more open to unionization.** [emphasis added]

And there you have it.

The unions' real motivation in pushing a \$15 minimum wage is not about improving the lot of the low-skilled worker, but forcing businesses into a situation where they'd have little choice but to unionize their workforce.

If only unionized workers would be exempt from the new minimum wage, businesses that couldn't afford to pay \$15 an hour for low-skilled workers would suddenly find unionizing their workforce to be a financially attractive proposition instead of a ruinous one. Every business with low-skilled workers would have to unionize or be put out of business by their newly unionized competition. Private-sector unions, which have been in decline for years, would suddenly find their ranks swelling — and all the new union membership dues would then swell their coffers, making them much more politically powerful, practically overnight.

It's devious, really.

Friedman often exhorted us to judge policies by their results, not their intentions. Whatever the racist motivations of those who originally proposed the minimum wage or segregationists who supported school vouchers, what really matters is the impact of these policies today. School vouchers have been shown to foster racial integration, improve test scores, and increase rates of high school graduation and college matriculation, especially for racial minorities. By contrast, the minimum wage sounds nice, but its effect is to reduce employment and social mobility, especially for racial minorities.

If we really want to improve the social mobility of minorities, we should enact policies that enhance their educational and economic opportunities. Unfortunately, too many modern progressives are not inclined to do so.

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