

# Slate

## Meet the Libertarian Who Wants to Raise the Minimum Wage

**Ron Unz is making the case for California workers to earn \$12 an hour.**

By [David Weigel](#)

Ron Unz buried the lede. Two and a half years ago, when the Silicon Valley multimillionaire was still publisher of the *American Conservative*, Unz penned a [characteristically sweeping piece](#) about “Immigration, the Republicans, and the End of White America.” Unz methodically pulled in data and anecdotes—primary vote totals, demographics, 1993 letters to the editor of *Commentary*—to explain why closed-border politics could not save the GOP, no matter what the right told itself. Page after page filled with ink before Unz got to his solution.

“Consider the consequences of a very substantial rise in the national minimum wage,” wrote Unz, “perhaps to \$10 or more likely \$12 per hour.” Knees would jerk, conservatives would call this socialism, but Unz knew better. When Henry Ford doubled the wages of his assembly line workers, it was “a crucial factor in creating the prosperous middle class that eventually dominated America’s 20th-century history.” It was time again for a wage hike, an idea that “raises the income of America’s working class and similarly crosses many ideological lines.”

No conservative politician joined Unz on the barricade. Two years later, [he cut his ties](#) to the magazine, looked into the mirror, and saw Henry Ford staring back. As soon as next week, California will approve the language of Unz’s ballot measure to raise the minimum wage to \$10, then \$12. If that happens, Unz just needs to muscle enough signatures to put this on the ballot.

“I’d never really focused on the minimum wage issue, by itself, until recently,” says Unz over the phone, from his home in Palo Alto. “To the extent that everyone in the economic profession was making another argument, that raising the minimum wage would kill jobs, I vaguely nodded my head.”

In Unz’s circles, among libertarian and conservative intellectuals and donors, almost nobody endorsed a higher minimum wage. Any fool who [could draw a curve](#) could prove that higher mandatory wages kicked low-skilled workers out of the job market and onto welfare. “The belief

that increasing the minimum wage is socially beneficial is a delusion,” wrote Cato Institute scholar [James Dorn](#) in a recent reading from the catechism, citing the 40 percent unemployment rate for black teens. “In 2007, prior to the Great Recession, the black teen unemployment rate was about 29 percent. There is no doubt the increase in the federal minimum wage from \$5.15 to \$7.25 per hour contributed to the higher unemployment rate.”

This stopped being convincing to Unz, who made his fortune by designing software that [allowed mortgages](#) to be chopped up into securities, and whose IQ has clocked in at 214. “Once I started investigating the details,” he says, “it really seemed like the facts were on the other side—especially since so much of the economy has shifted from manufacturing to other industries. You can always relocate manufacturing jobs. You can't ship McDonald's jobs to India or Bangladesh.”

Unz was alone on this, for a while. Nothing unusual there. Journalists have been writing “Ron Unz, rebel conservative” stories for a generation, ever since his 1998 ballot measure that ended California’s bilingual education. “This isn't your usual picture of a Republican millionaire on a mission,” wrote the *New Republic* when Unz tackled campaign finance laws. “After decades in the conservative movement, Mr. Unz is pursuing a goal that has stymied liberals,” wrote the *New York Times* [two months ago](#). This works to Unz’s advantage; “liberals continue to support higher wages” isn’t much of a story, and California’s 2013 [passage](#) of a phased-in \$10 minimum wage law was seen on the right as the Golden State fulfilling its annual quota for kooky socialism.

What’s new, and what Unz didn’t expect, was a mini-surge of interest from fellow conservatives about the minimum wage. The long tail of Mitt Romney’s defeat played a role in that, as conservatives struggled to explain why even voters who’d suffered in the downturn had voted for the president. The 2013 push for immigration reform [played a role](#), too, rousing the old Buchanan-ite wing of the movement that panicked about undocumented workers flooding low-wage, low-skill jobs.

“The lowest-wage workers in America disproportionately tend to be recent immigrants,” says Unz. “You look at a job that pays \$7.25 an hour, you raise the value of that job to \$12, and suddenly a lot of Americans would take those jobs. A lot of our illegal-immigration problems are solved—there’s less incentive to violate the law and immigration rules.”

But immigration was fading as a first-order political issue in Washington. Inequality was surging. President Obama floated a \$10.10 minimum wage during the State of the Union, absorbed the mockery, and [then turned it into the centerpiece](#) of a populist campaign to rebuild his support.

Conservatives began to take him seriously. “Legislation to raise the minimum wage would elevate many low-wage earners above the income threshold that qualifies them for benefits,” [wrote](#) conservative icon Phyllis Schlafly, “and should result in reduced welfare spending.” She [cited a study](#) by the Cato Institute, suggesting that welfare paid more than minimum wages in 35 states. The libertarians had accidentally made the case for the policy they despised. A week later, [Bill O’Reilly](#) was table-banging about the fairness of the \$10 minimum wage. Neil Munro, the

reporter who [earned Internet fame](#) for hectoring the president about immigration, interviewed Unz and predicted his idea would “[catch fire](#).”

The resistance was ready for this, but divided against itself. Reliable corporate fronts like the [Employment Policies Institute](#) attacked the wage hike, full stop, no alternatives. Conservatives who wanted to win elections dismissed it, but only as a way of supporting some other, better anti-poverty balm. “Our current president and his liberal allies propose that we address this by spending more on these failed programs and increasing the minimum wage to \$10.10,” [said Marco Rubio](#) in a Jan. 8 speech marking the anniversary of the War on Poverty. “Raising the minimum wage may poll well, but having a job that pays \$10 an hour is not the American Dream.” Rubio, copping from conservative intellectuals [like Yuval Levin](#), preferred an earned income tax credit that would give money directly to the poor.

“That’s a terrible idea,” says Unz. “It’s basically a welfare program. What the government does with the EITC is make poor people somewhat less poor by putting checks in the mail. Forget all of the other problems with that—you’re talking about a massive subsidy to low-wage employers. How’s that going to work politically? Increasing taxes to pay increased welfare benefits—how many conservatives are going to go for that?”

In Washington? That’s easy—conservatives don’t need to “go for” anything. The national Republican Party is pretty confident it can win in 2014 by reminding voters that Obamacare exists. Unz is giving them a chance to endorse something else, something voters identify with liberals, and compete for working-class votes on positive terms. It’s a tool, like the software he developed, the stuff that allowed quants to chop up mortgages into securities.

“Frankly, I used to always tell all my Wall Street clients that all my software did was to produce financial outputs based on the inputs they themselves provided, and I just couldn’t see how anyone could ever predict the correct inputs,” says Unz. “They said: Don’t worry about that—we’re paying millions of dollars to all these research experts to decide what the correct inputs should be. I told them I was pretty skeptical about that, but I supposed it was their business.”