

A Shady Lane, No One Really Wants One

by **Jake McIntyre**

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When last we saw WaPo editorialist and Ayn Rand fanboy Charles Lane, the former "editor" of Stephen Glass's New Republic fairy tales was celebrating Thanksgiving by **denying the existence of a hunger problem in the United States**. (I, for one, am looking forward to Lane's inevitable Christmas column, where he'll decry the work of the Marine Corps' Toys For Tots program as the enabling of lazy parents.)

So you're no doubt waiting breathlessly to learn how Fred Hiatt's favorite Cato Institute stenographer plans to encourage the creation of new jobs. (You're not? Oh.) Well, he's got a typically terrific, innovative idea:

Cut wages.

With unemployment stuck around 10 percent, President Obama has pledged "to take every responsible step to accelerate the pace of job growth." Here's a thought: Instead of trying to "create" jobs by tweaking this tax break or increasing that spending program, why not stop doing things that destroy jobs?

OK, cool. So this is going to be a column about revamping our employer-based health care system so that businesses aren't burdened with nearly exponentially growing employee health costs, and so that workers can move from job to job without worrying about losing coverage for their sick kids? I could be down with that.

Repeal the Davis-Bacon Act. Passed in the 1930s to "stabilize" the construction industry (in part by protecting white workers in the North against competition from migrating Southern blacks), this law requires employers to pay the "prevailing" local wage on federally funded projects.

Oh. So it's going to be one of *those* columns.

Look -- the Chamber of Commerce's ham-handed race-baiting aside, the purpose of the Davis-Bacon Act is very simple. Davis-Bacon (like its non-construction analogue, the Service Contract Act) exists to ensure that the Federal government doesn't use its massive buying power to drive down wages in the construction industry. The idea is that the government should pay the same to build schools, roads, bridges, and other projects as commercial builders in a given locality. Where wages are generally high for a given building trade in a particular city -- thanks generally to a high rate of unionization -- the prevailing wage paid on government-funded projects is high. Where wages are generally low for a trade in a city -- as in the case in most of the South and other areas with low union density -- the prevailing wage paid on government-funded projects is low. **As then-Senator Obama wrote** in the wake of President Bush's temporary suspension of Davis-Bacon on the Gulf Coast after Katrina:

President Bush would have Americans believe that Davis-Bacon wages are exorbitant, and that contractors would not be able to afford to do their jobs and pay their employees' wages. Nothing could be further from the truth. For instance, sheet metal workers in Pearl River County, Mississippi earned \$9.16 an hour before the Hurricane, and truck drivers in Mobile, Alabama made \$8.54 for an hour's work. I am sure you will agree with me that by any reasonable estimates, these wages are not prohibitively high.

In short, Davis-Bacon simply requires the federal government to pay the same for its construction projects as the bulk of private builders in a metropolitan area. In so doing, Davis-Bacon allows construction workers to remain a bulwark of the shrinking American middle class. Without Davis-Bacon, construction wages would fall dramatically, which might warm Charles Lane's heart, but which would put a damper on the overall economy by seriously depressing consumer spending. And at a time where even low interest rates and Federal assistance to banks aren't spurring construction lending, I wouldn't count on a drop in

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construction wages doing a damn this to create jobs. Lane's prescription would serve to do little but line the pockets of mammoth general contractors like KBR. (As this piece is already running long, I won't even get into **the myriad positive effects of Davis-Bacon** on the economy, but **they're substantial**.)

The proposed repeal of Davis-Bacon is a niche corporatist hobby horse, like the repeal of the estate tax or the incessant call to cut capital gains taxes. And like the constant braying for tax cuts for the rich, the push to screw construction workers will forever be tailored to the tone of the moment. The economy's booming? Cut capital gains taxes and repeal Davis-Bacon! The economy's in the toilet? Cut capital gains taxes and repeal Davis-Bacon! No matter what the situation, the prescription from Lane and his plutocrat buddies in the same: make the rich richer and turn the middle class into the working poor. It never ceases to amaze me that comfortable, soft-handed pundits feel so threatened by tradespeople earning decent middle-class wages, but they do. It's pathological.

So now that we've got that out of the way, let's see what else Lane suggests to create jobs:

Reduce the federal minimum wage.

Did I say that repealing Davis-Bacon "is a niche corporatist hobby horse, like the repeal of the estate tax or the incessant call to cut capital gains taxes?" I meant, "repealing Davis-Bacon is a niche corporatist hobby horse, like the repeal of the estate tax or the incessant call to cut capital gains taxes *or the non-stop attacks on the minimum wage*."

Cut taxes, cut wages, I got mine, you go get yours, repeat. You know, I've got a great idea for Katherine Weymouth to improve the WaPo's bottom line during these tough times -- rather than pay Charles Lane good money to write this drivel, just reprint the free press releases that Cato and the Chamber send to your newsroom. You might just buy the paper a couple extra months before it goes under.

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