



## The Minimum Wage Struggle: Bootleggers and Baptists

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In recent weeks, minimum wage workers protesting their low-wage status have marched in the streets in more than 100 U.S. cities. For example, workers in Charleston SC [blocked a main thoroughfare](#), insisting they be paid \$15/hr and receive union membership.

Supported by President Obama, who is [pushing to raise](#) the current \$7.25 per hour federal minimum to \$10.10, other alert politicians are cheering the call for higher federal mandates. After all, if protesters can be converted to mid-term election voters, some now-discouraged office seekers may be successful in the November vote.

Indeed, everyone from politicians to clerical leaders to even fast food CEO's have jumped on the minimum wage bandwagon. What accounts for this recent bout of mutual sympathy for the working poor? To answer this question, we turn briefly to our Bootlegger/Baptist theory, a theory that explains why politics can attract such strange bedfellows.

The theory is based on the old story of Baptists and bootleggers who both favor Sunday closing laws that shutter corner liquor stores. Enforcement of the law gives solace to the Baptists and income to the bootleggers who eliminate competition just one day a week. Bootlegger/Baptist theory therefore reminds us that properly crafted regulations can more than provide publicly popular goals but also eliminate competition, raise rivals costs, and attract patronage and revenues to favored groups.

So let's take a closer look at our Bootlegger/Baptist groups in the context of the struggle for increasing the minimum wage. There in the amen corner are the Catholic bishops who in Senate testimony [endorsed a higher wage](#): "Every time Congress or an Administration has suggested raising the minimum wage, the bishops have been supportive simply because it is consistent with our teaching and we see the effects first hand in the families of our parishioners and our own communities." Joining the chorus, are the United Methodist Church and other protestant denominations. Indeed, it is impossible to find a religious organization that opposes paying higher wages to low-income workers.

But not all the pro-higher wage leaders wear clerical collars, even though they may at times employ righteous rhetoric. The AFL-CIO is a strong advocate for a higher minimum wage, though none of its members earn such low wages. Similarly, the [CEO of McDonald's](#) along with

operators of some big-box stores are also counted among those who favor a higher federal minimum, or at least do not oppose the legislation.

For example, [speaking for 1.3 million employees](#), of which only 5,000 earn the federal minimum wage, Wal-Mart U.S. President Bill Simon said “We are not opposed to minimum wage increase, unless it’s directed exclusively at us.” He was referring to an effort by the District of Columbia to require just big-box retailers to pay starting wages that are higher than Washington’s minimum wage. Starbucks, GAP, Ikeda, and Chipotle are supporting a higher minimum and in some cases have already raised their starting wage.

But why would national labor organizations, McDonald’s CEO’s and big-box retailers be lobbying for higher minimum wages, especially when few if any of their members or employees earn such low wages in the first place? We detect the air of the Bootlegger in their behavior. By increasing the minimum wage, the real impact will be on their competitors who do employ low wage workers. While their competitors are forced to increase their labor costs through a combination of higher pay and forced layoffs, the Bootleggers quietly rake in the profit.

Consider the AFL-CIO. The union is a Bootlegger, eager to add members to its diminished flock. Supporting fast food workers in their struggle for higher wages and for the right to organize could yield a significant pay off. Add to this the effect of higher minimum wages on firms that compete with unionized businesses, which usually pay well above this threshold. Simply put, a higher minimum reduces competition for them.

A similar story plays out for McDonald’s, Wal-Mart and other retailers who already pay more than the federal minimum wage. They are Bootleggers too, supporting a federal rule that pushes wages higher for all retailers in a way that will inevitably raise rivals’ cost.

In summary, President Obama is the leading “Baptist” on the minimum wage struggle. He takes the high ground. The Catholic bishops, Methodists, and other clerics join in singing the Baptist tunes. Meanwhile, Bootleggers echo these sentiments but for very different reasons. They care less for the struggle of the poor and more for their rivalry with low cost competitors.

The real tragedy is that few if any of the vocal participants are asking how a higher minimum wage will actually affect the poor and unskilled teenagers who are already challenged when seeking a job. Surely a reduction in the number of jobs available is a dire consequence for this group. But then, unemployed, nonvoting teenagers do not count for much in the land of Bootleggers & Baptists.

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