

Money for Robots and Representatives!

July 25, 2019

Yesterday I addressed Senator Bernie Sanders' minimum wage problem. Today it is member of Congress and "The Squad" Rashida Tlaib's turn. She is unsatisfied with the just-passed national \$15/hour minimum wage.

She wants to make it \$20.

Now a bidding war begins?

But not where laborers bid for jobs. Instead, a war in which restaurateurs bid for robots.

The point being that when you force up the costs of employing one factor in a production process, those who are trying to make a

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living as producers do not just fold and give their wealth away to rent/purchase the newly exorbitant factor. They economize.

They make *substitutions*.

If I am not mistaken, basic economics has



a term for the core concept . . . marginal something of something substitution.

Why folks enamored of government regulation and prohibition (for the minimum wage law prohibits hiring help below a certain rate of pay) seem to think this elementary aspect of human behavior can safely be ignored is hard to figure.

At *Reason*, Billy Binion explains just how devastating Tlaib's "one size fits all approach" would be for restaurants, "particularly those of the mom and pop variety." What Tlaib demands, for these wage contracts, "amounts to an increase of almost 940 percent."

Binion cites one study predicting "that a median-rated restaurant on Yelp (3.5 stars) was 14 percent more likely to close with each additional dollar added to the tipped wage."

If restaurants go out of business, new businesses would emerge, admittedly. Say, a return of the Automat!

While young folks look up that term, we oldsters wonder if these automation-minded entrepreneurs will fund Tlaib's re-election campaign.

This is Common Sense. I'm Paul Jacob.