THE CASE FOR PUNISHING THOSE RESPONSIBLE FOR MINIMUM WAGE LAWS, RENT CONTROL AND PROTECTIONIST TARIFFS

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SUMMARY: Introduction; 2 The case; 3 Punishment; 4 Responsibility; 5 Conclusion; Reference.

ABSTRACT: Most economists oppose minimum wages, rent control and protectionism. The present paper takes this opposition one step further. Well, a few steps further. It attempts to make the case that those responsible for these enactments are criminals and should be punished by law.

KEY WORDS: Punishment; Minimum wages; Rent control; Protectionism; Criminality.

INTRODUCTION

In this essay I shall attempt to make the case for punishing those responsible for minimum wage laws, rent control and protectionist tariffs. Before beginning, however, we do well to ask why we should undertake so quixotic a task in the first place. After all the average reader of this article will, likely, refuse even to read it, dismissing it at the outset as the ravings of a madman. Some will even support these three economic policies as virtuous. They will maintain that minimum wage laws boost remuneration for unskilled workers, that rent control reduces monthly payments for poor tenants and that restrictions on free trade save our jobs.04 Instead of punishing those responsible for these public policies, such people will want to reward them, perhaps with medals.05 And, even those who are more sophisticated about these matters, and full well realize the devastating harm they impose upon their supposed beneficiaries, will still opine that penalizing those responsible for

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04 “Save ‘errr jobs” in the vernacular of this South Park episode: http://southpark.cc.com/clips/104259/they-took -our-jobs
05 We have in mind here most people who voted for Bernie Sanders in 2016
them is beyond the pale; that it is way beyond the realm of civilized discourse to even discuss such a matter, let alone implement it. Is there to be no protection at all for engaging in free speech, they will ask. So it indeed behooves us to first justify this attempt, before undertaking it.

Section II is given over to establishing the case for punishment. The burden of section III is to delve into the justification for punishment and of IV to analyze responsibility. We conclude in section V.

2 THE CASE

What, then, is the case for punishing these malefactors? Simple. They promote policies that not only devastate those as the bottom of the economic pyramid, they also violate their rights. The minimum wage in effect prohibits the unskilled from employment. It condemns them to a life of under and unemployment. Rent control sentences the poor to homelessness; or at the very least moves them in that direction. Restrictive tariffs relieve the poor and indeed all of us, of the benefits of our hard-earned wealth; this is akin to theft.

If I stuck a gun into the face of the poor in the inner city and told them I would shoot them and any would-be employer if they got a job; we would easily know how to characterize me: as a thief. Suppose I condemned a significant proportion of the poor to homelessness by threatening them with physical violence if they found a place to shelter. Again, we would easily know how to characterize me: as a thief. And the same goes for me if at the point of a pistol I stole a significant proportion of everyone’s wealth. But my actions in this regard would have the same identical effects as these three malevolent laws. The minimum wage causes unemp-

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06 For an alternative view, see Block, 2011
07 Albeit, admittedly, a rather weird one.
ployment for unskilled workers. Rent control reduces that quantity and quality of available rental housing. And tariffs reduce economic welfare.

Why do I choose these three despicable market interferences when there are so many, many more? For example, monetary policy creates the business cycle, the Food and Drug Administration condemns many innocents to unnecessary deaths, and government road ownership does the same. The reason is that there is much greater consensus on the part of professional economists on the three laws I emphasize than on any of these others. And why, pray tell, is that of any relevance? That is because no intelligent person can claim innocence on any of these three as they can for many of these others. According to that old aphorism, “Ignorance of the

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8 States Sowell: “Minimum wage laws make it illegal to pay less than the government-specified price for labor. By the simplest and most basic economics, a price artificially raised tends to cause more to be supplied and less to be demanded than when prices are left to be determined by supply and demand in a free market. The result is a surplus, whether the price that is set artificially high is that of farm produce or labor. Making it illegal to pay less than a given amount does not make a worker’s productivity worth that amount—and, if it is not, that worker is unlikely to be employed. Yet minimum wage laws are almost always discussed politically in terms of the benefits they confer on workers receiving those wages. Unfortunately, the real minimum wage is always zero, regardless of the laws, and that is the wage that many workers receive in the wake of the creation or escalation of a government-mandated minimum wage, because they either lose their jobs or fail to find jobs when they enter the labor force.” For more on this see Baum, 2015; Becker, 1995; Block, 1987, 2000, 2001B, 2002, 2014, 2015; Block and Barnett, 2002; Boudreaux, 2015A, 2015B, 2015C, 2016A, 2016B, 2016C, 2016D, 2016E, 2016F, undated; Burkhauer, Couch, Wittenburg, 1996; Caplan, 2013A, 2013B, 2015; Cappelli and Block, 2012; Clemens, 2015; Cooper, 2016; Cordato, 2016; Deere, Murphy and Welch, 1995; Dorobat, 2017; European, undated; Friedman, undated; Gallaway and Adie, 1995; Galles, 2014; Gitis, 2014; Hanke, 2014A, 2014B; Hazlitt, 1946; Howland, 2013; Hunter, 2017; Klein and Dompe, 2007; Landsburg, 2004; Lingenfelter, Dominguez, Garcia, Mayon and Block, 2017; McCaffrey, 2014; McCloskey, 2016; Cormick and Block, 2000; McMaken, 2016A; Mercier, 2015; Murphy, 2014, 2015A, 2015B; Neumark and Wascher, 1992, 1995; Newman, 2016; North, 2014, 2016; Perry, 2016A, 2016B; Powell, 2013; Reisman, 2014, 2016; Rothbard, 1988, 2015A, 2015B; Rustici, 1985; Salerno, 2006; Salihu, 2013; Saltzman, 2015; Schiff, undated; Sohr and Block, 1997; Sowell, 1995, 2000, 2013; Thornton, 2016; Tucker, 2915; Vedder and Gallaway. 2001; Vuk, 2006; Wanniski, 1998; Wenzel, 2013, 2015, 2016; Wiegold, 2014; Williams, 1982, 2013, 2014A, 2014B, 2014C, 2015A, 2015B, 2016, undated.

9 In 1989, Vietnamese Foreign Minister Nguyen Co Thach averred: “The Americans couldn’t destroy Hanoi, but we have destroyed our city by the very low rents.” (Dhillon, 2007). According to Lindbeck, 1972: “In many cases, rent control appears to be the most efficient technique presently known to destroy a city except for bombing.” In the view of Myrdal, 1965: “Rent control has in certain western countries constituted, maybe, the worst example of poor planning by governments lacking courage and vision.” For further elaboration, see Baird, 1980; Block and Olsen, 1981; Block, Horton and Shorter, 1998; Block, 2002C; Dhillon, 2007; Friedman and Stigler, 1946; Grampp, 1950; Grant, 1989; Hayek, 1981; Johnson, 1982; Lindbeck, 1972; Myrdal, 1965; Salins, 1980; Tucker, 1990

10 Bastiat, 1848; Block, 1976, ch. 23, 2013, ch. 2; Block, Horton and Walker, 1998; Boudreaux, 2010, 2016F, 2016G, 2017; Brandly, 2002; Brown, 1987; Epstein, 2016; Folsom, 1996; Friedman and Friedman, 1997; Gwartney, et. al, 1976; Hazlitt, 1946, ch. 11; Johnson, 2004; Krasnozhon, Simpon and Block, 2015; Landsburg, 2008; McGee, 1994A, 1994B; McMaken, 2016B; Mullen, 2015; Murphy, 2004; Ricardo, 1821; Roberts, 2016; Rothbard, 2005; Rouanet, 2016; Smith, 1776; Vance, 2016; Williams, 2017

11 Barnett and Block, 2012; Garrison, 2001; Hayek, 1931; Mises, 1912, 1949; Rothbard, 1975, 1993; Woods, 2009


13 Block, 2009

law is no excuse.” That is not true, since there are so many, many laws on the books nowadays. But, in contrast, there are very few economic public policies on which there is greater consensus in the economics profession than this trio. Malefactors thus have less of an excuse regarding the minimum wage law, rent control and tariffs than they do on virtually any other unjustified public policy.

3 PUNISHMENT

What about punishment? Must this consist of the death penalty or even a jail sentence? Maybe. But not necessarily so. There are also lesser forms of approbation. For example, doctors are struck off for medical malpractice, priests and ministers are unfrocked, and lawyers are disbarred for professional misconduct and professors are stripped of their tenure and fired, if their offense is serious enough. Possibly, something along these lines could apply in this case.

It is very rare that a Ph.D. degree is revoked. Typically, this is done for actions taken before the degree was awarded, such as plagiarism, data falsification, or other such forms of cheating or fraud. But what about actions taken afterward. This is even more rare. But if a doctor or lawyer is disbarred for conduct unbecoming a professional in one of those callings, it is almost always the case that this is for actions taken after graduation. What about for an economist who publicly miscons trues the effects of minimum wages, rent controls, trade interferences, all of which are part and parcel of Econ 101?

4 RESPONSIBILITY

What should constitute “responsibility for?” Who can be deemed sufficiently blameworthy for these three public policies? What degree of culpability should trigger punishment? At the top of the list must be those politicians who enacted these grievous laws, and the policemen, jailors and judges who imposed penalties on law-breakers thereof. They are guilty of initiating violence against innocent people.

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15 You don’t think the minimum wage kills anyone? How about that fact that “idle hands are the devil’s workshop” and if there is anything we can rely upon it is that this law consigns teenagers to unemployment.

16 Aravosis, 2017; Fleming, 2016; Lewenstein, 2017; Lowe, 2016; Wecker, 2012

17 Academia Stack Exchange, 2015
Their only crime was the violation of a per se unjust law. They should be considered heroes, not villains (Block, 1976), and those who imposed these penalties should be punished to the full extent of the law.

But would this not unleash the forces of ex post facto law, and would that, itself, not be a violation of rights? No. Reparations are an instance of imposing penalties on those who were only obeying extant law. There is no reason, at least not in principle, for not borrowing a leaf from these other events, and applying them to the actions now in question.

What about low information voters who supported these policies when confronted with the ballot box? Surely, they should share some of the blame, since they were not on the side of the angels; far from it. Rather, the very opposite. But their connection to these policies was a bit more indirect. The lowest rung in legal hell should be reserved for Ph.D. economists who were in effect traitors to their profession. They knew better, or should have done so. At the very least, they should have their advanced graduate degrees revoked. As for ignorant voters, in comparison, they are almost blameless. They were misled by the so-called leaders in this field. Further, there is a practical difficulty in this regard: the secret ballot and the so-called social contract. We will never know, we can never know, how to distinguish the innocent from the guilty. However, this will not stop us from considering this matter arguendo. So posit, for the sake of argument that this barrier did not exist. Assume a “God’s eye” viewpoint, wherein such knowledge would be fully available to libertarian judges.

We now break this down into two sub categories, direct and indirect. Let us consider the latter first. I voted for Bernie Sanders. I did so in spite of the fact that the Bern favored a minimum wage. But he also took an anti war position internationally, which I as a libertarian favored. I held my nose and voted for the Senator from Vermont in 2016, because I thought his good international positions outweighed his bad domestic ones. It is difficult to see how I could be held guilty.

Matters are rather different insofar as a plebiscite is concerned. Here, there

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18 For example, Nazis. The Nuremberg Trials were an exercise in the violation of ex post facto law. What the Nazis did was fully legal under the law prevailing at the time, and in that place. Similarly, reparations for slavery. This “curious institution” we legal at the time, and, then, later, it was not. For support of reparations for slavery see Alston and Block, 2007; Americra, 1993; Arceneaux, 2005; Bittker, 1972; Block, 1993, 2001A, 2002B; Block and Yeatts, 1999-2000; Robinson, 1998, 2000, 2002; Ward, 2014; Westley, 1998. For a critique, see Horowitz, 2000, 2002.

19 DeJasay, 1989; Evers, 1977; Machan, 1983; Outlaw, 2008; Spooner, 1870

20 I did no such thing, although I did support him vis a vis Hillary Clinton.

21 It would be nice, but supererogatory if we all adopted the stance of Dr. No, Ron Paul, who voted against any entire package if by one of its elements constituted a rights violation (Block, qw). But it would be a bit much to expect all voters to adopt so exalted a position.
can be no such “balancing” of mitigating factors involved. The issue is now much more clear: violate the rights of innocent people, mainly the poor, or refrain from so doing. Would lack of information constitute a mitigation? If you don’t know that minimum wages, rent control and tariffs play economic havoc with the downtrodden, especially, why are you supporting such legislation? According to that aphorism, “Ignorance of the law is no excuse.” Well it is, there being so many, many laws, most of them invalid from a libertarian point of view. But, matters are quite different in the present case. “Ignorance of the laws of economics,” while voting on a quintessentially economic issue really is no excuse.

5 CONCLUSION

A word about the minimum wage law. If it really uplifts wages, why be so niggardly? Why limit ourselves to $10, $12 or $15 per hour. Why not elevate it to $1000 per hour? Then, we would all be rich, at least according to the “logic” employed by the adherents of these enactments. Most “progressives” favor foreign “aid” to poor countries. Why not, instead, content themselves with merely advocating that recipient countries cure poverty by installing a very high minimum wage law? Also, we should be aware that the traditional taxi companies attempted to impose a minimum fee for their competitors, Lyft and Uber of $75 per trip. Did they truly think this would help the latter? To ask this is to answer it: to believe this is to concur with the same economic illiteracy underlying the push for minimum wages.

As for rent control, why not institute a price ceiling for automobiles? For example, I now propose a law forbidding anyone to charge more than $100 for a new car. Would this help the poor to better attain this type of transportation? No. They, and all the rest of us, would soon be reduced to riding bicycles and skates.

Regarding interferences with trade, so that “furriners” do not take our jobs, why not institute this at the state level? Without those lousy Texans, we Louisianans could have a thriving cattle industry. Let us ban imports from that jurisdiction. And

23 https://www.google.com/webhp?sourceid=chrome-instant&rlz=1C1CHBF_enUS733US733&ion=1&esp-v=2&ie=UTF-8#q=traditional+taxi+companies+attempted+to+impose+a+minimum+fee+for+their+competitors,+Lyft+and+Uber+of+$75+per+trip&
the same applies to Maine potatoes, Florida oranges, corn from Iowa and wheat from Nebraska. How dare people from those states “dump” their wares at cut rate prices? No, raise those tariffs! But more. Those rotten people in Baton Rouge are stealing jobs from us virtuous New Orleanians. We need protective tariffs, quotas, even, against job-destroying imports from that evil city. And what of those rascals in Metarie? Ditto. The backs of our hands to them! Of course, in this direction lies self-sufficiency and death for 99% of the human race, but what is that, compared to the “right” of economic illiterates to vote to interfere with international trade?

Are the people who support policies of this sort really fit to go outside without a leash? Are they really to get away with throwing their political power at the rest of us who yearn only to be free without any punitive repercussion at all? The heavens cry out for at least some sort of penalties for all of them.

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