

“Free State” Follies

By Trevor Bothwell

Since 1923, Maryland has been known as “The Free State,” deriving its nickname from an article written by Hamilton Owens, who as editor of the *Baltimore Sun* wrote a mocking response to Georgia Congressman William D. Upshaw, who had attacked Maryland as a traitor to the Union because it never passed an enforcement act supporting Prohibition. In his article, Owens suggested that Maryland should secede from the Union before prohibiting the sale of liquor. (Now there’s a man I can respect!) While Mr. Owens ultimately decided not to publish his editorial, he popularized the nickname by referring to Maryland by that moniker in subsequent articles.

Fast forward to 2006. In less than one calendar week, the Maryland legislature pushed two anti-growth bills through the General Assembly despite vetoes from Governor Bob Ehrlich, thus further challenging the notion that this blue state is in any way “free.”

On January 12, Maryland passed a law targeting Wal-Mart that requires one of the state's largest employers either to spend 8 percent of its payroll on employee health care or hand the difference over to the state. And on January 18, the legislature voted to raise the state's minimum wage to \$6.15 per hour, one dollar more than is mandated by federal law.

Liberals and Democrats generally view such issues as employer vs. employee struggles, and argue that Governor Ehrlich vetoed the bills merely to protect small business (the nerve!). Successful vetoes indeed would have protected companies, inasmuch as they would have saved them unnecessary costs. More significantly, however, Ehrlich's vetoes were an attempt to protect low-skill, low-income workers, who eventually pay the greatest price for such anti-capitalist measures, whether our do-gooder politicians prefer to admit it or not.

Though the company probably won’t flee Maryland altogether, Wal-Mart may react to such legislation simply by terminating the employment of thousands of lower-income Marylanders in order to come in just under 10,000 workers, the threshold above which employers must abide by the state’s new revenue-grabbing law. Wal-Mart may also refuse to expand its business base in Maryland, opting instead to open shop henceforth in more hospitable states. Such choices would pose disastrous consequences for low-income workers and shoppers who rely on the retailer for good jobs and cheaper products.

Likewise, artificially raising the minimum wage costs jobs as well, because company payrolls don't instantly grow just because politicians force employers to pay arbitrarily higher labor rates, and such wage increases don't magically translate into more refined employee skills. The reality is that employers will adjust skill requirements to match new labor costs, a move that often includes firing workers who don't currently possess skill sets justifying an increase in salary—altogether reducing employment opportunities precisely for those low-skill workers for whom such political panaceas are created in the first place.

Representative Steny H. Hoyer, a tax-and-spend Maryland Democrat who has almost never voted in favor of pro-growth measures in Congress, responded to Maryland's minimum wage hike by saying, "the legislature rose above special-interest politics and did what was best for Maryland families in need."

If one thing's certain, it's that Steny Hoyer knows all about special-interest politics, having as House appropriator procured millions in federal pork for pet projects in his congressional district. But I digress. His claim that a minimum wage increase is imperative for "families in need" is deceptive at best. The minimum wage has never been sufficient to raise a family out of poverty if only one member of the family works, and not all minimum wage earners have families. Indeed, according to the Bureau of Labor Statistics, about half of all minimum wage workers in 2004 were under the age of 25 and a full quarter were age 16-19.

Moreover, according to The Heritage Foundation's Robert Rector and Kirk Johnson, the vast majority of Americans considered "poor" by the Census Bureau have air conditioning and own at least one car, a color television with cable or satellite TV reception, a VCR or DVD player, and a microwave; nearly half actually own their own house. And let's not forget that the United States is practically the only country in the world where even poor people can be obese.

In short, the minimum wage is much more useful to politicians looking for compassion points than it is to low-income workers who will be rendered jobless as we defer to government instead of the market when setting labor rates. The current demand for illegal labor is proof of this. Artificial increases in labor rates, in conjunction with the safety net provided by the welfare state and the government's refusal to confront illegal immigration head-on, will only add to the illegal alien population in Maryland (and elsewhere) as more and more Americans lose jobs.

We're told constantly that illegals are willing to do the work Americans won't (as if this somehow justifies our disregard of the rule of law). However, rarely do we consider how many citizens are turned away from desperately needed low-skill jobs because of minimum wage laws, which perversely encourage employers to hire illegal laborers. After all, when an employer knows he can be arrested for paying an American less than minimum wage to sweep a floor, it's not difficult to understand why he'll gladly scoop up an illegal alien for half the cost.

If gaining a foothold on our illegal immigration mess and helping the less fortunate to rise out of poverty are truly our most important goals, then ridding ourselves of our draconian minimum wage laws altogether would be one surefire way to accomplish both. Of course, advocating such policy would today be political suicide.

Virtually every one of us has at one time or another worked an entry level job as a means of gaining invaluable workplace skills, whether learning how to interact with customers, follow orders, adhere to a schedule, or merely show up for work on time. These jobs play

a vital role for low-income workers looking to build the skills necessary to move out of poverty—the very place many Marylanders are destined to remain as a result of its recent anti-growth legislation.

“Free State,” my patoot.

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