

How the \$15 Minimum Wage is Pushing New York's Car Washers to the Margins

As protests for a \$15-per-hour minimum wage continue to [rage across the country](#), cities like [Seattle](#) and [Minneapolis](#) and states like [California](#) and [New York](#) have begun to adopt such schemes, leading to a [range of unfortunate case studies](#) in economic destruction.

Despite the popular narrative that such laws will benefit the most vulnerable and put the powerful in check, the negative consequences have tended to be most severe for small businesses and low-skilled workers.

Take New York City's car wash industry, a sector known for its low wages and poor working conditions. In an effort to improve the situation, unions and politicians have spent the last decade trying to fix prices and pressure shops toward unionization.

The result: a flurry of closed businesses, a spike in car-wash automation, decreased consumer options, and a black market in by-hand car washing services.

In an [in-depth profile](#) from *Reason Magazine*, Jim Epstein provides a comprehensive look at the situation, highlighting the painful ironies of progressive efforts to help the marginalized through price manipulation.

Read the [full story](#) and watch Reason TV's [mini-documentary](#) below:

The story begins with a failed attempt at unionization. "After six years, organizers have unionized 11 businesses, or about four percent of the city's registered car washes," Epstein

explains. “Two of them have since closed down, and the union withdrew three more because of a lack of support from the workers. There are just six unionized shops remaining, or about two percent of the city’s registered car washes.”

The reason for the lack of traction? Workers seem to be largely content with their situation and struggle to see the value of the union’s efforts to protect them.

“Protection from whom?” asks Ervin Par, a car washer, who immigrated from Guatemala and works at one of the city’s few unionized shops. “If I don’t like working here, I’ll go find a job at a different place. There are many places to work where the pay the same. They don’t pay more. They pay the same.”

Yet when the union’s efforts to champion the \$15 minimum wage succeeded, local businesses started adapting—either closing their doors or laying off workers and pushing toward automation. A snippet from Epstein:

Car wash owners are choosing to automate even though it entails substantial risk. Take Best Auto Spa, located at 810 Pennsylvania Avenue in Brooklyn. Known as one of the city’s premier handwashes, it draws clients who care deeply about the appearance of their cars and are willing to pay more for the human touch.

The \$15 minimum wage means that this business model is no longer viable. So the owner of Best Auto Spa, who asked not to be named because he’s worried about the political repercussions, is transforming his business from the equivalent of an artisanal bistro to just another fast food joint. Two years ago, he installed \$200,000 worth of equipment, which allowed him to lay off eight workers.

Now he’s facing another policy change that would further increase his labor costs. Employers are currently allowed to attribute a portion of the tips earned by their workers towards meeting the minimum wage requirement. New York State

is seriously considering a proposal to eliminate the so-called tip credit. If that happens, come January, the owner says he'll have no choice but to give all these employees a pink slip and go fully automated.

It's worth noting that, beyond the economic effects, such policies also presume a powerlessness among workers that simply does not exist. As seen in the responses from workers such as Par, these are not people looking for protection. They take full ownership of their duties and destinies and don't require the arbitrary efforts of outsiders to improve their livelihoods or make vocational decisions.

Yet by making that presumption normative through the mechanisms of public policy, economic imaginations are bound to shift, leading many workers to focus on government-mandated prices rather than the creative capacity and economic power that they, themselves, actually hold. Such actions create an illusion that the wage-setter, alone, holds the power, and once such fixings are cemented into law, workers begin to adopt that as truth.

As for automation, it can be a good and productive thing, both for workers and consumers. But in cases such as these, where the driving reason isn't consumer feedback but outside government force and coercion, the delivery and quality of services shifts for no apparent reason other than the grandiose opinions of outsider planners and activists. The values and virtues of the actual workers, consumers, and employers are subjected to the whims of the policymaker.

These are but a few examples of how the ripple effects of price manipulation go well beyond the material pains of increased unemployment and shuttered businesses. With the imposition of outsider control of wages and prices, we lead ourselves toward an economic order that prioritizes the ease of surface-level policy over the messier but more authentic

process of tapping real human gifts to meet real human needs.

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