# Minimal Thinking Kills: California's Minimum Wage Continues to Destroy Restaurants

Would you rather have some jobs available at $12 an hour or no jobs available at $20 an hour? The answer may vary depending on whether you're a business owner or job seeker — or politician or bureaucrat.

Regardless, the opening question, which is of the kind late economist Walter E. Williams often asked, should be pondered with news that California's new $20 minimum wage is continually claiming victims. The latest is a San Francisco McDonald's franchisee who'd been in business for 30 years.

This pales in comparison, though, to one of the new minimum wage's first victims: Rubio's Coastal Grill. That chain is closing 48 Golden State locations — more than a third of its 134 remaining restaurants across California, Arizona, and Nevada.

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The *Daily Mail* reported Monday on the deep-sixed Mickey D's, writing that the "branch of the McDonald's at Stonestown Galleria, about eight miles south of downtown San Francisco, abruptly shut on Sunday, in what is the latest [casualty] of California's new $20-an-hour minimum wage."

"Workers saw their wages rise [not the ones who were let go!] from $16 to $20-an-hour on January 1 — but the added expense for owners to pay their workers has hit businesses hard," the paper continued.

The higher minimum wage wasn't the only problem bedeviling the franchisee owner, Scott Rodrick; it was the heavy straw that broke the camel's back, however.

Outlining his two problems, first, "he said the landlord was unwilling to negotiate a long term and sensible rent for the Stonestown location," reports ABC 7.

"Rodrick said the property taxes and shared tenant mall fees were the highest paid for a single location for the company," the outlet elaborated.

"Second, the cost of operating a business in San Francisco continues to accelerate at historic levels, he said," ABC continued, pointing out that the new minimum wage increased the strain.

Note that property taxes, mentioned above, are also a government imposed burden — one of many.

Just consider the aforementioned Rubio's. It had approximately 200 restaurants at its peak — just before Covid hit. Among other things, however, the "pandemic badly hit the chain and … forced the closure of all its eateries in Florida and Colorado," reported the *Mail* in a June 4 article.

"It filed for bankruptcy protection in the fall of 2020 and restructured," the paper added.

To be precise, however, it was the government *reaction* to the "pandemic" — the foolhardy lockdowns — that badly hit the chain. This again illustrates a certain truth: What's the best thing government can do for the economy?

Stay out of its way.

This brings us back to the minimum wage. The two *Mail* articles provide a partial list of restaurants that have gone under since the $20 minimum wage became operative. The paper also relates that almost "10,000 positions across chains from Pizza Hut to Burger King have been cut since the higher minimal wage came into effect on April 1, according to a report from a trade group in the state."

This should be no surprise. After all, as Williams wrote in 2007, in "economics there is broad agreement that the minimum wage causes unemployment among low-skilled workers." Explanation?

If a worker brings only $12/hour in value to a business, paying him more than that means his employer is losing money on him. (Note, too, that businesses must also foot "legally mandated fringe benefits such as employer payments for Social Security, Medicare, unemployment compensation, and worker-compensation programs at federal and state levels," Williams points out, which "may run as high as 30 percent of the hourly wage.") Employers then have three choices:

- Raise prices.
- Automate.
- Shut down.

When the market won't pay the higher prices, the business must then automate or shut down; either way, jobs are lost.

And, sure enough, we've seen higher prices in California along with the shutdowns, too. To wit: "Wendy's, Burger King, Starbucks, and Chipotle, have put up the cost of their offerings by up to 8 percent in the Golden State," the *Mail* tells us.

I expounded upon more minimum-wage-induced problems in a February piece on a Democratic representative's call for a *$50* minimum wage. Many public officials, however, don't really seem to care whom they hurt.

An obvious reason for this is power lust: Supporting a higher minimum wage makes for good sloganeering, makes one seem compassionate, and can win votes. But is there also a deeper, psychological reason?

It's common for people to be jealous of a "good" that another possesses, such as a talent, skill, or the fruits of a worthwhile endeavor. This is a little known reason, by the way, why feminists throw shade on homemakers (activist Simone de Beauvoir actually said that women shouldn't be *allowed* to stay at home): They're *jealous* of traditional women.

Likewise, some politicians and bureaucrats — who in most cases have never built a business or produced anything — surely are envious of prosperous business owners. This might've been reflected, mind you, when Hillary Clinton said while defending her '90s healthcare scheme, "I can't worry about every undercapitalized business." (She also stated, in 2014, "Don't let anybody tell you that it's corporations and businesses that create jobs.")

Jealousy of success is, in fact, a well-known and very human phenomenon. As *Psychology Today* pointed out in 2018 in "Why It Doesn't Feel Good When Someone Else Succeeds," the envious person often thinks on some level, "This reflects how inferior I am" and "I feel like a loser" (compared to the object of the jealousy).

Of course, it is their envy and the consequent destructive behavior that actually makes them "losers." Even more tragically, though, giving such people power can make our whole nation a loser.

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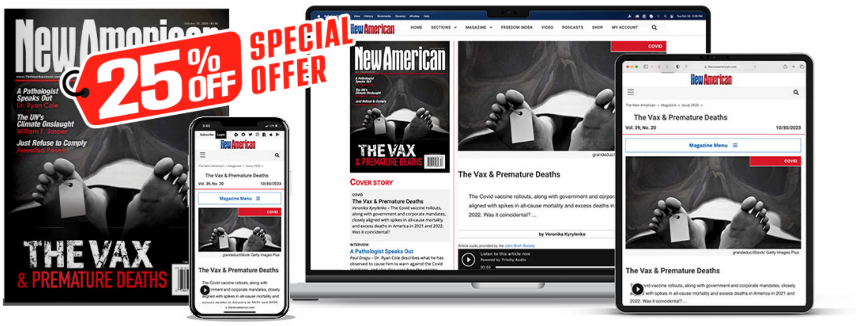


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