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# A New Beginning

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for President of the  
United States

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Introduction by  
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"It's obvious now," Hooks continues, "that nobody, but nobody, is buying into a decaying black ghetto except blacks themselves. So the effect of some regulations [like those described above] is almost 100% to exclude blacks."

The federal minimum wage law has destroyed hundreds of thousands of jobs for teenagers and minorities. The minimum wage law doesn't guarantee anyone a job at \$3.10 an hour; it just makes it illegal for him to take a job that pays less. So the worker who at the moment isn't worth \$3.10 an hour to an employer ends up with no job at all. Who is hurt most? Teenagers, of course, who haven't acquired many job skills. And especially minority teenagers, who have generally received a poor education in inner-city public schools.

But the minimum wage law doesn't only hurt teenagers. The teenager who can't get that first job soon becomes the young man or woman with no work experience, unable to get any job. And there will be unskilled adult workers who are not worth the minimum wage. So the potential employer decides to automate, or to hire one skilled worker instead of two or three unskilled workers, or to let his customers wait on themselves. Hundreds of thousands of jobs for the poor have been destroyed by this one piece of legislation—legislation framed by politicians who seem to think it's better to be on welfare than to hold down a low-paying job.

Professor Walter Williams, a Temple University economist with a special interest in minority problems, points out that black opportunities have in fact declined since the government made a commitment to improve the condition of minorities. In 1948, black teenage youth actually had a lower unemployment rate than whites of the same age. Dr. Williams is convinced that the tremendous rise in black unemployment is due to "the numerous laws that have the effect of reducing employment opportunities," and that the impact of minimum wage laws on black people is vastly underrated.

Certainly it is obvious by now to most free market economists, like Walter Williams and Thomas Sowell, that black unemployment has risen sharply with the increase and spread in scope of these minimum wage laws. But what is unusual is the number of opponents of the free market who have joined

their ranks. Paul Samuelson, winner of the Nobel Prize in economics and a neo-Keynesian, is one; another is Gunnar Myrdal, a Nobel Prize-winning socialist economist, who talks about the effects of such laws on black unemployment in his indictment of the treatment of blacks in this country, *An American Dilemma*.

While the politicians have been driving people out of the labor market with minimum wage laws, preventing them from acquiring needed skills and experience, they have also been restricting employment opportunities by passing a blizzard of other laws, particularly licensing laws. Licensing laws limit entry into a profession, forcing potential workers to meet many cumbersome and often irrelevant criteria before they are licensed and allowed to work. Someone may be perfectly competent in construction work, as in carpentry or plumbing, in cutting hair, in driving a taxi, or any one of a vast number of other occupations, but unless he or she can obtain a license, all these skills amount to nothing.

These laws are not designed to protect consumers. Rather they are framed by established interests to keep people out of the protected occupation, thus guaranteeing higher incomes for those who are already in the field. When licensing is introduced, often those who are entrenched in the occupation are automatically certified under a "grandfather" clause. And often the requirements for a license have nothing to do with ability to do the job—not because they are relevant to the job but because they limit entry into the field.

Further, many licensing examinations require that the applicants speak, read, and write standard English in order to answer the questions, regardless of whether this is relevant to practicing their trade among others who share the same dialect of non-standard English or of Spanish. This factor heavily discriminates against minorities, especially ghetto blacks and barrio Hispanics, who may be able to communicate perfectly with their potential customers.

Often entry is limited by artificial financial obstacles. Throughout American history, for example, immigrants and other ambitious Americans have made a living by peddling. Many peddlers have gone on to become successful, established

merchants, in many cases the owners of department stores. Today, street vendors are a common sight in major cities. A poor person, unable to find a job or ambitious to go into business for himself, can become a street vendor with very little money. But in many cities established businesses have tried to use the government to run the vendors out of business. In Philadelphia the Chamber of Commerce supported a bill to require vendors to pay a \$500 licensing fee. Such requirements in other cities keep many people out of the vending business.

A similar situation exists with regard to taxicabs. A young person who wanted to go into business for himself could buy a serviceable car for a relatively small amount—but in most major cities he could not use the car as a cab unless he purchased a certificate or medallion. In Miami, where black unrest has been most clear recently, such a certificate costs \$15,000. In Chicago it's \$40,000; in New York, \$60,000. And those who already have certificates jealously guard their privilege. Recently the New York City Taxi & Limousine Commission held a public hearing on its proposal to increase the number of taxis in New York. Who showed up to testify? Representatives of the taxi industry and the driver's union—both in opposition to any increase in the number of taxis.

Not only do these laws deny the poor any opportunity to go into the taxi business, they have particularly hurt minorities. In cities with high license fees, there are fewer minority owner-operators than in the few cities without such fees.

And these laws have been growing at an astonishing rate, effectively leaving those who cannot meet arcane licensing requirements without a means of earning a living. By 1900, there were licensing laws limiting working in only two professions; by 1952, nearly 80 professions required licenses; but by 1980, the number of licensed occupations had risen to a startling figure of more than 800. All these laws simply prevent people from working when they are perfectly capable of doing so. They are designed to shut people out of the economic system—to slam the door in the face of those who want to succeed.

Over the years, Republicans and Democrats also have been adding to state and federal regulation of industry and to national

labor laws, which has further reduced competition, harming minorities in devastating ways. I agree with Professor Williams when he says, "Market-entry regulations are *political* acts that have made it increasingly difficult for the black underclass to enter the mainstream of American society." To deprive people of the opportunity to work and to compete—to condemn them to a life on welfare—is, in my view, an outrage.

And, of course, while these bipartisan policies have been steadily restricting the availability of private sector jobs for minorities, a succession of public jobs programs has been unable to replace these lost jobs. When the Neighborhood Youth Corps and Operation Mainstream failed to solve the problems of youth unemployment, the Emergency Employment Act of 1971 budgeted \$2 billion over two years. When that act expired, the Comprehensive Employment and Training Act (CETA) was passed in 1973, to train people for jobs at a cost of about \$4,000 per person.

But when the Carter Administration committed \$10 billion to public service jobs in 1977, claiming that these funds were especially aimed at "those most in need," primarily young blacks, the funds were administered by state and local governments which used the money instead to rehire personnel who had fallen victim to earlier payroll cuts—and untrained, inexperienced blacks were once again pushed aside.

Neither the Republicans nor the Democrats want to consider the real root of *this* problem, of course: the disaster of our government schools, which no longer educate—if they ever did—and are worst in the inner cities, of course.—Bernard C. Watson, a black vice president of Temple University, located in the Philadelphia ghetto, says, "The education too many children receive in these classrooms is nothing short of a national scandal, an absolute disgrace."

Is it any wonder that more and more minority parents—deeply concerned about their children's future—are passionately searching for alternatives to the public schools? By 1976 it was estimated that more than 10 percent of the black children in Chicago went to Catholic schools—even though their families were predominantly Protestant. When the archdiocese of the Catholic Church in New York decided it could no longer

keep a parochial school in a ghetto neighborhood open, the New York branch of CORE tried to buy it, so that hundreds of black children in the area might continue to have a better education than the local public schools provided

I have devoted an entire chapter to this education crisis, which isn't just an inner city crisis, or a black crisis. But because their options are more limited, inner city blacks are perhaps trapped most cruelly by the failure of our public schools. Blacks really do not need the extra handicap of schools that are unable to teach their captive students how to read and write.

Finally, there is the important area of housing. After more than 30 years of urban renewal programs, public housing programs, model cities programs, rent subsidies and rent controls, there is *less* housing for the poor than before these programs were begun. Urban renewal has destroyed three housing units for every one that was built, and over 70 percent of the families uprooted by this perverse program have been black.

Rent control laws have kept landlords from being able to make a profit on their buildings. Caught between rising taxes and virtually unchanging rents in a time of inflation, apartment owners find themselves unable to continue in business. They convert their buildings to condominiums or simply abandon them. Seeing the poor prospects for rental housing, potential entrepreneurs do not build new apartments. Shortages of rental housing develop, and the poor—who cannot afford to move to other cities or to buy condominiums—are hurt worst. The liberal Swedish economist Assar Lindbeck has said, "Rent control is the most effective method known for destroying a city, except for bombing." Building regulations have also prevented the construction of new housing units. Within a few more years, this crisis is likely to get much worse—and neither Republicans nor Democrats have proposed any policies that would allow the crisis to be forcefully met.

*The plain fact is that we must rethink the entire approach of the two parties which have for too long dominated American politics.* The government programs fastened upon us by Republicans and Democrats at all levels of government have made the poor worse off, not better. They have managed to throw

a few welfare bones at the disillusioned and oppressed victims of their policies. They have not only slammed the door on the future for many people, but have actually nailed the door of opportunity shut.

What can we do instead? What is the Libertarian alternative? Quite simply, we should free up the system.

We should free up the cities from the staggering burden of regulations and taxes. We should repeal rent control, zoning laws, and obsolete building codes, promoting the investment in new housing that the cities so desperately need. We should eliminate victimless crime laws, and put our police on the job of enforcing laws against crimes *with* victims, like mugging, robbery, rape, and murder—which are a blight on the lives of city dwellers, and especially those who live in our inner cities.

We should promote economic growth, which is the only hope of the poor for advancement and better lives in the future, by slashing taxes and deregulating the economy. Freeing our economy from government red tape and controls will find new investment flooding into the cities, new businesses being started by the less-well off, more jobs being created—meaningful jobs, not government make-work jobs which merely perpetuate the bureaucracies and lead to dead-ends for the poor.

We should begin to dismantle the welfare state, with its controls and regulations and manipulation, and make it possible for those now on welfare to make easier transitions into the labor market, ending the permanent cycle of dependency, subjugation, suspicion, and poverty.

We should free up our education system, abolishing compulsory attendance laws, and establish a system of tax credits for education, which will lead to freedom of choice in education, and competition among schools to see which education methods work best in educating our children.

We should abolish the minimum wage laws and licensing laws so that people can once again be free to compete and to work, so that no bureaucrat or politician backed by special interests can ever again stand between a human being and a chance to work for a living, bringing with it the dignity of self-reliance, not the dehumanizing dependency of helpless poverty and unemployment.