

Notable & Quotable: Minimum Wage at the Car Wash

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Photo: Getty Images

From “Minimum Wage vs. the Carwasheros: New York’s new \$15 wage floor pits man against machine” by writer Jim Epstein for the July issue of [Reason](#) magazine:

When the minimum wage goes to \$15 an hour, automating will be a no-brainer. “Since I have 15 guys on the property, I wouldn’t be able to charge less than \$30,” [New York City car-wash owner Martin Taub] says. “Who’s going to pay \$30 for a car wash?”

Amir Malki, a leading car wash equipment installer in the region, says over a dozen car wash operators in New York City have inquired about putting in the necessary machinery to cut their labor costs.

One owner, who talked to Reason under the condition of anonymity because he’s worried about the political repercussions of speaking out about the minimum wage, says he’s considering purchasing \$300,000 in equipment, which would allow him to eliminate 15 of the 22 men who currently staff his full-service hand wash.

When the minimum wage goes from \$9 to \$15, he estimates that his expenses per wash will rise about \$7 to \$22, meaning he'll have to charge at least \$25 to make a profit. "Now put yourself in the shoes of the customer," he says. "The first thing they'll do is wash their cars at home. Or they'll drop from washing their cars three times a month to once a month." If he automates, he figures he could lower his price to about \$8. "That's the only way I can think of to survive."

"I can't think of any industry where the service that's provided is so expendable," says economist [Donald] Boudreaux. "In economic terms, you'd say that the demand for car washes is highly elastic." In other words, the industry faces strong pressures to keep prices down, because car washes aren't a necessary service, so an increase will lead to a quick fall-off in customer traffic. That's why most can't afford to pay their workers \$15 per hour and stay in business. Car wash operators have no choice but to automate," says Boudreaux.