



New Jersey Libertarian

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Winter 2019

Chair's Message

By Kevin Lowery

With our annual convention coming up this month, I just wanted to take a few minutes to remind everyone that it is time to take action to help support our party over the next year. Your support can take many forms and starts by staying on top of your membership dues. Since our organization is member funded, remembering to renew on time is very important to maintaining a positive cash flow. Also, I would like to ask all of our members to encourage their like-minded Libertarian friends to take the simple step of becoming a dues paying member. With over 12,000 people throughout the state registered as Libertarian, I am sure some of us know some registered Libertarians who have not actually joined the party yet.

If just being a member isn't enough for you, I hope you will consider running for office, either on our state board or within local or state government. As our 2019 strategic goal is to get at least one person elected to office in New Jersey, we know we cannot reach this goal without you, our members, stepping up to run. If the idea of running is appealing to you, please reach out to your regional leadership or a member of the state board.

I thank you all for your support over the past year and hope to see you at the convention. Don't forget to get your tickets at njlp.org/convention before they are all sold out!

In Freedom,

Kevin Lowery

Chair, New Jersey Libertarian Party

On the True Cost of the Minimum Wage

by Murray Sabrin

On Feb. 4, Gov. Phil Murphy fulfilled his 2017 campaign promise when he signed the bill that would raise the state's minimum-wage, in increments, to \$15 an hour by 2024. This year the state's minimum wage would increase to \$10 an hour in July and increase by one dollar every January 1 until it reached \$15 per hour. Not all workers, however, would see the legal mandated minimum wage increase to \$15 per hour. In short, some workers apparently are not deserving of being treated equally.

The governor signed the bill surrounded by Democratic leaders, union workers and other supporters at the headquarters of Make the Road New Jersey, an immigrant advocacy group based in Elizabeth.

The front-page article in The Record, "Raise Praised," on Feb. 5, captured two moments during the event in separate photos -- supporters cheering enthusiastically with their hands raised and Gov. Murphy with both arms pointing to the sky; beneath him at the podium there was a placard with the statement, "A \$15 Minimum Wage: A Path to the Middle Class."

Although The Record article labels the ceremony as more of a "political rally" than just a landmark bill

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signing, the event had all the hallmarks of a big tent evangelical meeting reminiscent of the 1960 movie, “Elmer Gantry,” who was portrayed brilliantly by Burt Lancaster.

Gantry was a con man who joins a “roadside revivalist,” Sister Sharon, to preach in rural areas of the Midwest. Without going into the plot of the movie, suffice it to say the passion of Murphy and his chief acolytes in the Legislature, Senate President Sweeney and Assembly Speaker Coughlin as well as the Democrats who like the attendees of the Gantry/Sister Sharon revival meetings are true believers of the nation’s unofficial “religion”— statism.

Statism “is the belief that the state should control either economic or social policy, or both, to some degree.” Even Republicans around the country embrace some element of statism. In New Jersey, for example, the Republican leadership offered an alternative to Murphy’s minimum wage proposal, namely, to increase the minimum wage to “only” \$13 per hour.

In other words, Republicans support statism but not as strongly as Democrats.

Proponents of a higher minimum wage assert that this would help low income workers eventually reach the middle class and provide more income for minimum wage earners to help pay for the high cost of living in New Jersey. Employees whose incomes increase because of the minimum wage will undoubtedly have more money in their pockets. However, the costs of a higher minimum wage are virtually ignored by Murphy, Sweeney, Coughlin and others.

Let’s say a small business owner will now have to pay an additional \$1,000 per month because of the higher minimum wage. The business owner will also have to pay additional Social Security and Medicare taxes on the higher wages of his workers -- as will the workers. So, **the real cost to the employer is more than just the minimum wage hike.**

In addition, the business owner now would have less income for his/her family, thus reducing their living standards. But there is more potential downside to a higher minimum wage. The business owner will now have less cash flow to pay for repairs and other business needs as well as less money to put aside for his/her retirement.

In other words, **there is no “free lunch” for the economy as a whole when the government imposes a minimum wage on employers.**

A government-imposed minimum wage not only should not be raised but also abolished, in the final analysis. Why? **In a free society, voluntary exchange is not only the most effective way to “balance” the needs and demands of both employers and employees, but also a moral imperative.**

There is one sure fire way for low-income earners to receive higher wages; they should obtain skills that make their work more valuable than the minimum wage to employers. A

government mandated minimum wage is not a “path to the middle class.” **More education, more skills, more knowledge is the path for workers to enter the middle class.**

Murray Sabrin is a professor of Finance at Ramapo College of New Jersey and was the 2019 Libertarian Party candidate for US Senate ♦

Former Bound Brook Council Member Cited for Ethics Violation

by John Paff

After a more than four-year investigation, a former member of the Bound Brook Borough (Somerset County) Council was tentatively fined \$100 by the New Jersey Local Finance Board (LFB) for voting in favor of a resolution which designated a redeveloper for a Main Street property while her in-laws owned that property and her husband, who currently sits as a Borough Council member, had an interest in a business located on that property.

In its [November 27, 2018 Notice of Violation](#), the LFB--the chief enforcer of the Local Government Ethics Law (LGEL)--found that on July 22, 2014 then-Councilwoman Beverly Pranzatelli voted to designate Meridia, LLC as Redeveloper for thirteen lots of property. Among those lots was Block 8, Lot 9.03 which covers 1 East Main Street in the Borough. According to tax records, Lot 9.03 was owned by Anthony and Elizabeth Pranzatelli of Bridgewater who are, according the Notice of Violation, Beverly's husband Anthony's parents. The building at 1 East Main Street also housed Pranzatelli's Audio Outlet LLC. According to Beverly's Financial Disclosure Statement (FDS), her husband Anthony has an interest in that business.

The LFB determined that Pranzatelli's July 22, 2014 vote violated the LGEL because it "constituted an action in her official capacity in a matter where she had a direct or indirect financial or personal involvement that might reasonably be expected to impair her objectivity or independence of judgment."

The LFB also informed Pranzatelli of her right to contest the fine by requesting an administrative hearing. The LFB's final decision will not be issued until after Pranzatelli, if she chooses to contest the fine, has had her case heard by an Administrative Law Judge.

According to her [2018 FDS](#), Beverly Pranzatelli presently serves on the Borough's Recreation Commission and Library Advisory Board. Her 2018 FDS also shows that she and her husband Anthony jointly owns real estate at 307 W Main Street and 108 E Maple Street. Her statement also shows that Anthony has a current business interest in both Pranzatelli's Audio Outlet LLC as well as a business called Pranzatelli Properties. Curiously, [Anthony's 2018 FDS](#) does not disclose an interest in either parcel of real estate or a business interest in Pranzatelli Properties.

By law, local government officials can be fined between \$100 and \$500 for each LGEL violations. The [ethics complaint](#) that resulted in the LFB's determination was filed on July 25, 2014 by John Paff and the New Jersey Libertarian Party. ♦

Activism Through Volunteering

by Kevin Lowery

Most of us notice issues in our communities that we want changed, usually to a more Libertarian way. Some may be small local problems, while others might involve a wide-reaching national crisis. But, no matter which issue tugs at our heartstrings, we all think 'someone should do something about that.' While why shouldn't that someone be you?

The concept of activism though volunteering is an idea that one should move from the place of simple activist, such as engaging in online debates or attending meetings and marches, to a place of taking affective action. It also highlights one of the simplest ways an activist can first take this action -- volunteering in the local community. For Libertarians, who hope for a volunteer driven society where people aren't manipulated or forced into action by unnecessary laws or regulations, volunteering in a place that affects our core issues can be the perfect way to have a lasting impact on our communities.

But many people who want to volunteer aren't clear on the path to volunteering. A great starting point would be your local city or township's website. Each municipality in New Jersey has numerous sub-committees staffed by private citizens who volunteer for various boards. Most of these boards have vacancies that go empty year after year. A quick Internet search on your town's website could reveal potential volunteer positions that may interest you. There is usually a short application that can be filled out online or submitted in your town hall. The application will be reviewed by the town clerk and governing body. Since applicants are usually quite limited, the application step is more of a formality. In about a month's time, normally after the next township meeting, an applicant could find him or herself as a board member voting on issues affecting a large section of the city's budget.

Once on a board or committee, there are usually opportunities to become the board president or chair. Of course, after learning the ropes of local government on these boards, you might find an open position on elected committees, such as the board of fire commissioners, board of education, or even the town council. When these positions are left open after the election, the governing body fills them with appointees who have oftentimes simply raised their hands to volunteer.

Thus, by doing just a little bit of research and spending a little bit of time filling out applications or writing to the correct governing body, Libertarians can go from activists to action through the simple act of volunteering. If more of us

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took these steps, we could start moving budgets, by-laws, and ordinances in the direction of freedom and liberty without even having to jump the hurdle of an election. ♦

New Jersey Lawmakers Are Trying to Tax the Rain

by [Brittany Hunter](#), Reprinted from [Foundation for Economic Education](#) under Creative Commons License

Sometimes life mimics fiction. And sometimes life is so much stranger than fiction you have to double check the headlines to ensure they aren't satire. The latest doubletake comes from New Jersey, where, under the guise of environmentalism, local legislators have passed a new tax on—wait for it—the rain.

Governments are known for a lack of creativity and an uncanny ability to think only inside the box. However, when it comes to getting creative with inventing new forms of taxation, they never disappoint. Chicago, for example, recently implemented a "[PlayStation](#)" tax on its residents as part of the city's previously existing "amusement tax," which, just as it sounds, taxes individuals on almost all forms of entertainment.

California, on the other hand, recently tried to get away with unprecedented levels of extortion when it tried to tax residents for their [drinking water](#) and [text messages](#). The water tax is still on the table, but luckily, the Golden State did not succumb to the new ridiculous texting tax. New Jersey, though, might not be so lucky.

Blame It on the Rain

To be perfectly clear, while the new tax is being referred to as the "rain tax," it doesn't actually tax the rain itself, but that doesn't make the context of the legislation any less absurd.

[Bill S-1073](#) seeks to penalize businesses and homeowners whose property contains paved surfaces, like a driveway or a parking lot. When it rains, the rain acts as a medium, transporting any pollutants it picks up from paved surfaces, like brine and rock salt, and then depositing it into sewers and drains. And since the pollutants are thought to have originated from paved surfaces, the state has determined that property owners are responsible for any negative environmental impacts that result therein and should be penalized accordingly.

The legislation itself does not actually allow the state to collect any taxes, however. Instead, it allows each of its 565 different municipalities to create their own stormwater utility systems to minimize the runoff problem. Each locality will then charge each homeowner and business based on what the bill calls "a fair and equitable approximation" of how much runoff is generated from their property.

The legislation [states](#):

Under the bill, a county, municipality, or authority (local unit) that establishes a stormwater utility is authorized to charge and collect reasonable fees and other charges to recover the stormwater utility's costs for stormwater management.

As is the trend these days, supporters are praising the bill as a heroic move to protect the environment, though there is no real evidence that any significant harm is being done. Yet, legislators would have you believe there is a crisis at hand.

Senate President Steve Sweeney tried to convey the seriousness of the problem, [saying](#), "With all the salt we've had on roads recently, that's all running into the sewer systems, so you don't ignore the problems because they don't go away." However, this winter has actually been mild for the state, with fewer snow falls than usual, meaning there has not been any sudden influx of rock salt pouring into the sewer systems this season.

A local writer, E.W. Boyle, highlighted the true idiocy of this proposed tax, [writing](#):

Now, since our roads have been treated during winter storm events for over 80 years, with no apparent environmental impact, one wonders what took them so long to notice that there is salt runoff into creeks, streams and estuary rivers during subsequent rain events. No, rather what they noticed was the potential for yet another tax levy.

Boyle hits the nail on the head, and he is not alone in his opposition to the new tax. Republican state senator Tom Kean Jr. also criticized this proposal for the burden it places on New Jersey residents. Since each municipality is in charge of setting its own rules regarding the collection of this tax with very little oversight from any other governing entity, it is ripe for potential abuse. Keane [said](#), "We all want to protect our environment. We all want to preserve it for future generations, but this is a weighted tax." He continued, "The citizens of New Jersey...really [have] no way to defend themselves against tax increases at local levels."

Since the bill gives local governments *carte blanche* to set the rates and collect the revenue, it makes it harder for residents to voice their concern if they believe they are being asked to pay too much. Keane [later added](#):

...you shouldn't create unfair authorities with uneven taxing practices...You're creating a new layer of government that will not be regulated. The concern is uneven enforcement.

While uneven enforcement is certainly a concern, it is not the only problem the new rain tax inflicts on New Jersey residents. The legislation also comes with a hefty price tag that property owners will be responsible for footing.

From Bad to Worse

New Jersey is currently one of the [most heavily taxed](#) states in the country. And yet, it is going to burden its residents

even further with the passing of this bill. According to the EPA, it will cost the state of New Jersey \$15.6 billion to upgrade its storm drain system. However, the cost to Garden State taxpayers could end up being significantly higher.

New Jersey's Office of Legislative Services, which usually determines the fiscal impact of state policies, could not shed any light on what this might actually cost residents. Since each local municipality is in charge of setting its own rates for each property owner, there is really no way of estimating the projected costs at this time. And given the nature of government, it is highly probable that taxpayers will end up paying more than their "fair" share of the burden.

Chris Sturm, a supporter of the bill and a water policy "expert" at the nonprofit organization [New Jersey Future](#), attempted to downplay the impact this will have on homeowners. Sturm [commented](#), "This will be negligible for the vast majority of homeowners. This is for properties that have large impervious surfaces." While no one, including state officials, is sure of the fiscal impact this will have on residents, there is something else quite disturbing about his statement.

These properties with "large impervious surfaces" are places of business. They are the very institutions responsible for creating jobs, wealth, and prosperity within the state. And yet, rather than celebrating these titans of industry for their contributions, state lawmakers are attempting to impose onerous taxes on them. This is yet another example of governments using their taxing powers to turn private businesses into their personal coffers.

To make matters worse, any individual or business who does not pay their "rain tax" will be charged interest and have a tax lien imposed on them by the state, the very same type of action taken against those who fail to pay their property taxes.

New Jersey is, unfortunately, not the first state to attempt to inflict this type of tax on its residents. In 2012, Maryland instituted its own version of the rain tax, but it was not received well by the taxpayers. In 2014, Republican Governor Larry Hogan altered the law and allowed nine counties and the city of Baltimore to opt out of the state's rain tax, so long as each municipality promised to address the Chesapeake Bay runoff issue on their own.

Hogan commented, "Passing a state law that forces counties to raise taxes on their citizens against their will is not the best way to address the issue."

New Jersey does not feel the same way.

New Jersey legislators have done their constituents a great disservice by passing this bill. And now, the legislation is currently sitting on the desk of Governor Phil Murphy. It is expected that it will be signed any day now. This gives new life to the saying, "when it rains, it pours." ♦

Bastiat: Storyteller and Theorist

by [Donald J. Boudreaux](#), Reprinted from [American Institute for Economic Research](#) Under Creative Commons License



[Frédéric Bastiat](#) (1801-50) is known today among economists — if he is known at all — as at best a brilliant polemicist. An economic theorist he most certainly was not — such is the common opinion.

I believe this common opinion to be mistaken. To explain why first requires a discussion of the nature of a theory.

A Theory Is A Story

As I tell students in my Principles of Microeconomics courses, a theory is a story that assists us in making better sense of reality. And a theorist is a storyteller who offers this assistance.

Stories, of course, differ in their believability. A story that explains, say, the Industrial Revolution as being the result of new knowledge imparted to us by aliens from another galaxy is completely unbelievable. Some other, more believable story is called for — [one, say, that features a change in people’s attitudes toward commerce and innovation.](#)

But for a story to deserve to be called a theory requires that it also be generalizable.

In economics, supply-and-demand analysis is a general account of how prices are formed and change. It’s not a story about the formation of the price of only one item, such as bread. It’s an outline for telling believable stories about the formation of all prices — from the prices of toy planes to those of jumbo jetliners, from the wages earned by motel maids to those earned by Tom Hanks. A story that explains the price only of bread is not a proper theory of prices, even if it is highly believable.

To be generalizable, a story whose creator wishes it to be regarded as a serious theory must make that story abstract. Being abstract, however, makes the story —

standing alone — barren. As such, it engenders no understanding of the physical or social world. But it proves itself to be a good theory if, when relevant details of reality are added to it, those of us who encounter this story go, “Aha! Now I understand reality better than I did before!”

The core purpose of all theories is the creation of improved understanding. A theory that does not cause those who hear or read it to go, “Aha!” is worthless.

And so, we return to Bastiat. He’s one of history’s most brilliant tellers of economic stories. This fact, I’m convinced, justifies calling Bastiat a great economic theorist.

Consider Bastiat’s famous 1843 [“Petition of the Manufacturers of Candles.”](#) In this short essay, Bastiat radiantly conveyed economists’ understanding that artificially contrived scarcities make the general population worse off even if they increase the wealth of a small handful of individuals. Who other than the most benighted protectionist can read Bastiat’s satirical portrayal of sunlight as an unfairly low-priced import and not go, “Aha! Of course inexpensive imports that ‘flood’ into a country no more impoverish that country than does the light sent to us free by the sun!”

Another example is Bastiat’s even-shorter essay [“A Negative Railway.”](#) Here Bastiat revealed the flaw in the argument of a gentleman who insisted that if a railroad connecting Paris to Bayonne were forced to have a stop at Bordeaux, the wealth of the French people would be enhanced. The hapless target of Bastiat’s brilliance based his conclusion on the correct observation that forcing trains to stop at Bordeaux would increase the incomes of porters, restaurateurs, and some other people in Bordeaux.

Yet Bastiat didn’t settle for drily noting that, after paying these higher incomes, railways and their passengers would have less money to spend on goods and services offered by suppliers in locations other than Bordeaux. Instead, Bastiat followed the proposal’s logic in a way uniquely revealing: If forcing trains to stop at Bordeaux will increase the total wealth of the people of France, so too will the total wealth of the people of France be increased if trains are obliged to stop also at Angoulême. And if also at Angoulême, then the French will be enriched even further if a third stop is required at Poitiers. And if at Poitiers, then at each and every location between Paris and Bayonne.

Bastiat revealed the proposal to be flawed by showing that, if its logic were sound, the railway that would do

most good for the French people is one that is nothing but a series of stops — a negative railway!

A final example of Bastiat’s brilliance is his illustration, in his 1850 paper “[What Is Seen and What Is Not Seen](#),” of the nature of protectionism — protectionism as personified by a fictional French iron monger, Mr. Prohibant. Mr. Prohibant feels abused by his fellow citizens who purchase iron from his Belgian competitors.

“I will take my rifle,” he [Mr. Prohibant] said to himself, “I will put four pistols in my belt, I will fill my cartridge pouch, I will buckle on my sword and, thus equipped, I will go to the border. There, I will kill the first blacksmith, nail-maker, farrier, mechanic or locksmith who comes to do business with them and not with me. That will teach him how to conduct himself properly.”

When he was about to leave, Mr. Prohibant had second thoughts, which mellowed his bellicose ardor somewhat. He said to himself:

“First of all, it is not totally out of the question that my fellow-citizens and enemies, the purchasers of iron, will take this action badly, and instead of letting themselves be killed they will kill me first. Next, even if I marshal all my servants, we cannot guard all the border posts. Finally, this action will cost me a great deal, more than the result is worth.”

Mr. Prohibant was about to resign himself sadly to being merely as free as anyone else when a flash of inspiration shone in his brain.

He remembered that in Paris there was a great law factory. “What is a law?” he asked himself. “It is a measure to which everyone is required to

comply once it has been decreed, whether it is good or bad.”

Bastiat explains that Mr. Prohibant then went to Paris to lobby the state to inflict violence upon all French blacksmiths, nail makers, farriers, mechanics, and locksmiths who insist on buying iron from Belgium. In this brilliant example, Bastiat — with his signature sense of humor — revealed the true essence of protectionism.

Some people will object to my calling Bastiat an economic theorist. They’ll point out that he did not devise any theories that are new — that the truths that Bastiat so clearly revealed were already known to professional economists.

Let’s grant here that Bastiat invented no original theories. (This concession is likely contrary to fact. David Hart of Liberty Fund and, separately, GMU econ student Jon Murphy are each working on projects that will show that Bastiat did indeed have original theoretical insights.) Even if Bastiat has to his credit no original theories, we economists have long, and rightly, celebrated the work of those whom we call applied theorists.

Applied theorists apply existing abstract theories to real-world situations. In doing so, these theorists enhance our understanding of reality. The stories they tell cause us to go, “Aha!”

I submit that Bastiat ranks, at the very least, among the greatest of all applied economic theorists. His work should be more widely known; it deserves much greater professional respect. ♦

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New Jersey Libertarian: editor@njlp.org. PO Box 56 Tennent, NJ 07763

NJ Libertarian Party Convention Announcement

March 23, 2019 9:00 AM - 6:00 PM

Tavern on the Lake
101 N. Main Street
Hightstown, NJ 08520

The Party's Business Meeting will be held from 9:00 AM until Noon and will be open to all. Registration will be required for the afternoon events which will include lunch and guest speakers. Our convention package will also include coffee and refreshments that will be available all day.

Registration for the Convention will be \$55 until March 19th. After March 19th (including at the convention), registration will be \$65.

Tentative Agenda:

- 8:30 – 9:00 Gather for Continental Breakfast
9:00 – Noon NJLP Business Meeting (all our welcome, only NJLP members may participate)
- Nomination of 2019 Candidates
 - Election of NJLP officers
 - Discussion of NJLP Business
- Noon – 1:00 Luncheon
1:00 – 5:30 Speakers include:

Jon Peditto
Matt Welch
Arvin Vohra

Dr. James Taylor
Melissa Edgar
Vermin Supreme

Note that the morning business meeting is free. You do not need to register for the meeting. Full speaker biographies and online registration is at <http://njlp.org/convention>. Contact Email: convention@njlp.org



NJLP Convention Form

Check here to use address from mailing label on reverse

Name: _____

Address: _____

Town: _____ State: _____ ZIP: _____

Email Contact: _____ Phone Contact: _____

Full Convention Package (\$65; \$55 if paid prior to March 19th) _____

Additional Donation: _____

Reserve your place by sending payment to: NJLP Convention, P.O. Box 56, Tennent, NJ 07763



New Jersey Libertarian Party - - - - -

Are you a current member? Please consider joining.

I'd like to join the NJ Libertarian Party! I have checked the level at which I want to join and have enclosed the corresponding dues. I certify that I do not believe in or advocate the initiation of force to achieve social or political goals.

(Signature required for membership only) X _____

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