There’s an old saying that says “third time’s the charm”. In the case of California, perhaps the better slogan should read “fourth time’s the curse” as once again somebody out in the Golden State has made a real mess of public policy through their ignorance of the simply laws of economics.

To be clear, it wasn’t my intention to go back to Cali for a fourth time in a row (with all due respect to [LL Cool J](https://www.youtube.com/watch?v=FdizL4on-Rc)) but when the ABC 7 Bay Area report entitled [*SF re-examines procurement process after business ban on 30 states backfires*](https://youtu.be/1kZBD9xoQRQ?si=4_I8Hif4kxYE0W4t) came across my YouTube feed I just couldn’t resist. The video, which is almost 6 minutes long, reviews the ‘unintended consequences’ of the City of San Francisco’s ‘progressive views’ on public policy and the economy and its eventual repeal of some of the laws under the forces of economics. Sadly, the larger philosophical issues posed by their ‘best of intentions’ probably remains unrecognized.

In 2016, San Francisco put into law specific bans on the city government doing business with or even visiting companies in 30 different states because, in the eyes of San Francisco officials, these states didn’t uphold the same values as the city, specifically in relation to LGBTQ rights, voting rights, and access to abortion.

\*\*video\*\*

The most obvious consequence of excluding so many suppliers for goods and services is that it severely limits the competition and thereby raises the price. The most famous example of this being the Noe Valley Public Toilet that city was willing to pay 1.7 million dollars for when much cheaper alternatives existed but were forbidden by the ban. As Aaron Peskin, a San Francisco supervisor, notes, the remaining vendors were savvy enough to know that they could raise prices with impunity.

\*\*video\*\*

Of course, Peskin may have also noted that even if the valid vendors had no intention of gouging the city they would, no doubt, been compelled to raise prices at least enough to cover the compliance burden associated with whatever additional paperwork they needed to push through to demonstrate that they were allowed under city ordinance to be on the approved list.

This compliance burden, which continues even after the softening of the ban, is still formidable as is evidenced by the very long portion of an even longer regulation that an ABC 7 Bay Area reporter displays at one point in this report.

\*\*video\*\*

Neither was the ban as absolute as one might think during the 7 years it was in effect. As the report clearly discloses, the city recognized that it rarely worked since they not only granted hundreds of waivers, it expanded its work force to handle all of these requests.

The whole process was bloated and inefficient, wasting not only valuable taxpayer resources but forcing the people to wait excruciatingly long times for the resolution to whatever it was they were requesting. These long waits disproportionately impacted the most vulnerable among the city’s population who waited for homeless services or similar support.

So, to summarize, the San Francisco ban on ‘people not like us’ wasted time and money, increased the bureaucracy, lowered response time and quality of service all in the name of …. Well what exactly was it in the name of? This is the major question going unasked.

On the surface, the city’s intention in the ban was to either punish or, at least, not reward, those vendors who didn’t share the enlightened values of the country’s most progressive municipality. But let’s examine what such a policy might actually entail.

Unscrupulous vendors who set up shop in California were automatically given a green light by the ban even if they didn’t support any of the progressive policies San Francisco holds so dear. For example, an ultra-bigoted but eminently pragmatic business may happily submerge its own political agenda in short term while it fleeced the very people who held beliefs it despised. It could do this knowing that once the transfer of wealth was complete it could use its acquired wealth and influence to exercise greater political control.

Likewise, people who align with the politics of the City by the Bay but who live in one of the 30 banned states have their ability to influence local politics in a way that would be more to San Francisco’s liking because of the blanket ban that automatically excluded them from competing for the city’s business.

Ultimately, like price ceilings and floors, such an artificial constraint on the market is self-defeating in enacting the very change desired. In other words, San Francisco’s own economic ignorance in enacting the ban did more to harm their precious cause than it did to help it.

But that is only one consequence of the economic ignorance running rampant in that ‘progressive gem of a city’. As discussed in an earlier blog ([Division of Labor](https://commoncents.blogwyrm.com/?p=479)), any economy is a webwork within which no man really knows how to make anything, even with something as humble as a pencil. Against this interconnectedness, what did San Francisco think it was banning? Even if direct goods and services didn’t come from, say Nevada, which is California’s biggest neighbor, in terms of border, indirect goods and services did. Food, water, equipment, etc. from Nevada surely found its way into vendors in California, some of who then resold it to San Francisco at a markup. The city punished nobody but itself.

And that is the biggest tragedy here – that San Francisco’s economic ignorance made the city its own worst enemy.