

Let Them Eat Cake

By [The Mogambo Guru](#)

08/02/04 'Need' now means wanting someone else's money. 'Greed' is wanting to keep your own money. And 'Compassion' is when a politician arranges the transfer." The MoGu elaborates...

"Workers' Lack of Skills Lowers Wages," says Greenspan. I quote this from a headline in the Washington Post.

What a clueless putz!

First, off, very few nominal wages, of anybody, have been lowered. In fact, wages are "sticky downward," meaning they don't have a tendency to fall. If you are in Washington DC and you happen to run into this Greenspan idiot, please tell him that he is stimulating a vicious monetary inflation and that it's making the prices of everything go up, which has the same effect as a wage cut; the amount of money that you make is insufficient to buy the things you need. Skills and education have absolutely nothing to do with it.

I am here to tell you that there are plenty of people in this country who were not born with stratospheric IQ's, myself included, and that we are not going to benefit from more education. And even if we do somehow manage to acquire this vaunted education, the ugly fact remains that there are lots and lots of mundane, non-thinking jobs that have to be done, and most of them only require the ability to read and follow directions, and many of them require no education at all. And in fact, there are very few jobs in the United States that require any real education other than the ability to read at a fourth-grade level, as employees are merely handed a set of instructions ("company policy" and "job description"), and it is your job to perform them by rote.

The problem facing American workers and their wages is that the damn Federal Reserve has created so much money and credit that it has destroyed the value of the dollar, so that it takes more and more of these devalued dollars to buy food and rent, and wages are not rising as fast as prices. It's as simple as that. And it has nothing at all to do with education, except for the woeful lack of education and smarts evidenced by the Fed, the press – who let them get away with it because the term "journalist" is now just a euphemism for "parroting idiot," – and the brain-dead education establishment that indoctrinates American children to trust the government and the press.

Low-Wage Workers: Inflation Heading Higher

To save myself from getting hoarse in another of my patented screaming hissy-fits, I will merely point to the handy chart that reveals that the minimum wage was last increased seven short years ago, and prices have risen 17% in that time. (To save you the time and trouble, this works out to be only 2.3% per year, compounded). And inflation was very low during this time, as foreign producers kept flooding us with low-cost consumables.

Those days are over, and inflation is now double that, and heading higher still. So even if the jerks that infest government offices actually do pass legislation mandating a higher minimum wage, the poor and the low-wage worker will be right back in the same fix in only another three years. Or less. And it will worsen.

Maybe that explains why the government is trying to get more money into the hands of the low-wage worker and the poor. It needs their votes, yet it needs to keep screwing them with inflation to stop the whole house collapsing. Examples of this are the Earned Income Credit section of the 1040 tax return, where the government actually gives money to the low-income worker. Other examples are, of course, welfare and Medicare and the various housing subsidies, which provide free food, free shelter and free medical care.

For years, the poor have had access to a free phone service. But the latest wrinkle, around these parts, is to expand the eligibility, so that even MORE people can get a cheap phone service! The headline in the St. Pete Times claimed "PSC Votes to Help Poor Pay for Phone Service." PSC, in case you were wondering, is the acronym for Public Service Commission, which is a Florida government commission that regulates various phone companies and utilities. I'm sure that you have something similar where you live.

Low-Wage Workers: The New "Poor"

Who are these new "poor?" Well, according to the rules, if your kid participates in the National School Lunch program, where the kid gets free lunches (and often breakfasts, too), then the whole family is automatically qualified to get cheap phone service! Otherwise, you gotta earn less than 135% of the federal poverty guidelines.

Now I would be a real hard-hearted person to deny the poor the chance to phone out for pizza or call up their friends to spread vicious gossip about me and say nasty things, which are mostly lies or exaggerations, but the part that really tickles the hell out of me is that the phone companies, and I gotta use an exact quote here so that you can get the full impact of the humor, "vowed to expand the income-based eligibility requirement when concerns were raised about their applications last year for record-high increases in basic phone rates."

So, to paraphrase, the phone companies decided they wanted to increase their rates because they are a greedy bunch of overpaid jerks who excel in mismanagement and they were all about to be fired. Ergo, the application to the PSC for a gigantic increase in phone rates.

But since that would obviously be a hardship on the poor, they "vowed to expand the income-based eligibility requirement" so that they could saddle the customers who are not poor with BOTH higher rates AND an extra charge to insinuate more blatant communism into the phone service industry! Because, and you can quote me on this, every dime of that cost is added to my bill in the form of higher rates, particularly in an add-on called the "Universal Service Fund" which I see on the phone bill every damn month.

Now, after I have been calmed down with massive amounts of intravenous medications, I can thus show 1) how the French Revolution could have been prevented and 2) how the communists

won the Cold War. All that was needed was a system whereby every pseudo-wealthy consumer of utilities has extra taxes piled onto their monthly bills, while the State provides the poor with free goods and services, just like we are doing. Then, Marie Antoinette would never have said "Let them eat cake" when informed that the French peasants were starving for lack of bread. This is because the government would have just added a charge to my bread bill, and then used the money to buy the poor all the bread they could eat!

Low-Wage Workers: The Poor Are Not Poor

Ergo, today's poor are not poor. They are only considered poor because they do not earn money to buy the things that they consume, because they get it all for free. They receive free food, free housing, free medical care, free monthly stipends, and, of course, free phones! And computers are installed at the free libraries, so that the poor can go on-line, for free, and do whatever it is that the poor do when they are on-line, which baffles the hell out of me, since most of them are functionally illiterate, and the ones that are not completely illiterate don't like to read, so they don't. So why in the hell they would want to go on-line is beyond me and my limited intellectual capacity.

The reality is that the poor are actually very rich; they have everything that they need to live comfortably, and they have nothing but free time to enjoy it, and of course, whine about how they want more and more, and how the government ought to wrest money from everybody and give it to them, which is, of course, the entire philosophy of the entire loathsome Democrat Party.

Gary M. Galles is a professor of economics at Pepperdine University. He wrote an essay on the Mises.org site entitled "A Screech on Need and Greed" that I think underscores this point. He writes, "As Joseph Sobran put it, 'Need' now means wanting someone else's money. 'Greed' means wanting to keep your own. And 'Compassion' is when a politician arranges the transfer."

He follows that up with a warning from Thomas Paine, "Beware the greedy hand of government, thrusting itself into every corner and crevice."

Regards,

**The Mogambo Guru
for The Daily Reckoning
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*** The Mogambo Sez: Bill Clinton recently stated that he considered FDR to be the greatest president of the last century. He was not. FDR was the worst president we ever had, as he started us down that long, lonely path to our current socialist and communist proclivities, which are destined to bankrupt the United States.

While the lumpeninvestoriat eagerly opens its brokerage statements, the world's Big Money peaks at its own balance sheet with dread and horror. Consumer spending and growth are both in the doldrums while inflation thrives, said The Commerce Department on Friday.

The U.S. dollar, in which it put so much money and faith, must soon resume its crumble. It has already lost a third of its value against the euro. By one tally, foreigners hold nearly \$9 trillion in U.S. dollar assets. Depending on how they keep score, they've lost as much as \$3 trillion.

One of the remarkable things about the last few years has been the lack of panic. American investors stood their ground as trillions were taken out of the stock market...largely because they didn't know any better. But what about foreign dollar holders? Will they hold their positions despite titanic losses? Or will they suddenly panic?

We will see....