

The Wages of Sin

By [The Mogambo Guru](#)

08/16/04 It's The Mogambo on Monday! The angriest man in economics gets angry...really angry. Ted Kennedy takes it on the chin...and in the head!

This week, I read an essay entitled "The Wages of Sinful Economic Arguments" by Tom Lehman, who is an associate professor of economics at Indiana Wesleyan University. It was posted at mises.org. Lehman says "Forcing larger rival firms to pay higher minimum wages will not necessarily lead them to raise prices for their goods and services, as some small business owners apparently believe."

Well, although he did not mention me by name, I am certainly one of those people who believe that higher wages necessarily lead to higher prices! And if this Lehman dude wants to score some points around here, he had better start believing it too.

Business owners may not be able to raise prices now, but they will, at some point, assuredly take steps of one kind or another to either raise prices or cut costs, because if they don't, they will make less money.

And the business owner also has expenses, and a wife who gets upset that things cost more, and who complains that her husband doesn't bring home enough money so that she can buy those Gucci handbags she wants and how her happiness is totally dependent on her getting these things. Of course, these business owners, like me, desperately keep trying to find new ways of bringing in more money, because the last thing we want in this world is for our wives to be less happy than they are now.

Raising Wages: Higher Prices for Everything

So after I spent the whole day on the phone talking to Professor Lehman's secretary and demanding to be put through so I could scream at him until he changed his opinion, he did finally admit that "It is probable that large firms faced with artificially higher labor costs will find it more advantageous to invest in additional technology and capital equipment that would replace the lowest-skilled employees who earn the minimum wage. In the end, the singular-most likely outcome is that a hike in the minimum wage will harm low-skilled employees who currently have a job working for a large firm by throwing them out of that job."

Well, that may be true. But I could not help but notice that he did not mention that the inevitable outcome will be higher prices for everything, for everybody!

And as bad and sad as the low-income worker's situation is, there are a hell of a lot of sad-sack people in this damn country whose situation is even worse, because they don't even have jobs!

They are the old, and the crippled, and the severely handicapped, and the sick, and the chronically unemployed and all the rest. It doesn't matter who, because every damn person in this whole freaking country is going to be harmed by the rise in prices. I am getting sick to death of people whining about only the minimum-wage workers, because they are just a small, little, tiny subset of the gigantic pie chart of rising-price sufferers; everyone has to pay higher prices.

The only difference between the segments of the population is their ability to pay higher prices. But at least the damn minimum-wage income worker has the ability to command wages, so quit crying for them!

Raising Wages: Their Own Well-Being

The minimum-wage workers can thus directly affect their own well being! The fact that they spend a large portion of their income on crack and booze and tattoos and fancy cars and the luxury of ostentatious bling-bling is their problem. If they would only invest their disposable income on education and if they would just stop buying that silly, dysfunctional crap, they would probably find things gradually start to improve.

In fact, here is a scene from the proposed new movie about the Mogambo, which has the working title "Hot Babes Prancing Around in Skimpy Outfits Use Raw Firepower to Help the Mogambo Seek Righteous Revenge Against the Very Idiots Who Caused Our Misery, Namely the Federal Reserve and Damn Near Every Jerk That Has Ever Been Elected to Congress for the Last 70 Years in a Row."

As the scene opens, there I stand, magnificent and resplendent in my purple cape with fancy gold trim, and my propeller beanie spinning.

As the camera pulls back, I am revealed to be in the office of Ted Kennedy, one of the most infamous manifestations of Leftist Lunacy that eats the guts out of America. I have grabbed this Kennedy bozo by the hair, and I am shoving his unwilling head down onto the desk, upon which is opened a copy of the Statistical Abstract of the United States.

I am screaming at him: "You want a higher minimum wage, you pompous, preening putz?"

He says, "Hey! That's alliterative!" and I shout back in a loud and abusive voice, so loud that I get specks of spittle on his face, "OF COURSE, it's alliterative, you disgusting bag of leftist crap! I am the Mogambo!"

With a mighty shove, I again slam his head down onto the book, and he says, "Oof!"

I lift his head by the hair until his face is turned up to mine, and I scream at him, "Let's just see what has happened to the damn minimum wage since 1960, when you idiot Democrat commie-bastard leftist losers started really cranking up that money machine with your damn deficit-spending and social-engineering insanity, shall we?" With a look of pure evil genius, I say through clenched and gritted teeth, "Sure! Let's take a look at history!" And with that I slam his head down into the book yet again, so that he goes "Oof!" again, and I turn to the camera and say

"Hahahaha! Now it's YOUR turn to suffer, you silly simpering socialist bastard, like you have made so many millions of people suffer for so long, eh?"

Unfortunately, banging Sen. Kennedy's head down on the book actually scrambled his last three working brain neurons, two of which were used to prevent him from drooling and thus revealing his staggering mental incompetence. Anyway, this sets up another interesting plot development, so that is all I am allowed to say about the film, and you will just have to go and see it when it comes out. But it promises to be a real tour de force of cinema veritas, and if you actually think that in real life the real Ted Kennedy, the weirdo senator from Massachusetts, has more than three working neurons in his whole brain after you have heard him speak and looked at the things he has done to this country, then I have to assume that you have very few working neurons yourself, so don't come whining to me.

Raising Wages: Inflation Will Kill You

In 1960, the minimum wage was \$1.00 per hour, and at various times it was raised. In 1997, it was increased to where it is now, \$5.15 an hour.

And I know from pure deduction that no Democrat knows how to use a financial calculator, or else they would not say the stupid things that they say. So once again an adult (me) will come to their aid and give them the answer. The rate of inflation in minimum wage works out to, compounded, 4.53% per year! And it is still not enough to keep up with the rise in prices as it is!

And you can tell by the way I am gritting my teeth in raw, seething anger that I am working myself into one of my "spells." I am here to tell you that every time a new higher minimum wage goes into effect, there are at least a dozen American guys who retire on a defined-benefit pension. And each of these guys watches in growing despair as their standard of living declines, month after month, year after year, as prices climb but their incomes remain constant.

And it just gets worse and worse and worse, until the day they die in utter poverty. And if you could bring these guys back from the dead, they would say, in a ghostly unison, "Listen to the Mogambo! Inflation will kill you! And since inflation is a monetary phenomenon, and since a monetary phenomenon is a central bank phenomenon, the Federal Reserve will, ipso facto, kill you!" Which is, you gotta admit, pretty astute for a bunch of dead guys.

And if you think for one minute, and I am checking my watch to make sure that you get all the time you need to think about it, that the recent and current monetary excesses of the Greenspan Fed and all the central banks in all the world, which together comprise an unprecedented monopoly exercise in absolute monetary insanity, will NOT cause you to suffer the miseries of price inflation that inexorably follow the irresponsible increase in money and debt, then there is something very, very, very, very, very wrong with you, because even dead people show more smarts that you do.

Regards,

**The Mogambo Guru
for The Daily Reckoning
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*** The Mogambo Sez: I am scared. The stock market went up over a hundred points as soon as the Fed increased fed funds by a lousy quarter-point, which has been advertised for over a month. This makes no sense. Now you know why I am scared. And now you know why I suggest buying gold and large-caliber guns.