

# Mumbling and Grumbling

By [The Mogambo Guru](#)

09/13/04 It must be Monday! Today the Mogambo meets John Snow...well, er...John Snow's security team to be accurate...

To show you how far removed from reality John Snow is – for those of you who don't keep up with local politics, this guy is the Treasury Secretary of the United States – BusinessWeek magazine sat down with him and listened to him flap his lips for half an hour.

It is from the interview that we learn that that we should "Give people more control over their own lives, empower them to take greater responsibility for their own retirements, health care and economic security." Hahahaha! Where the hell has this guy been? Take responsibility? We're suddenly going to act responsibly for our own actions? Now? Hahahaha! The very essence of government today is that it works day and night to make up for everybody's mistakes, so that nobody ever has to take responsibility for anything!

But it doesn't stop there! He goes on to say "People are intelligent in the United States; they can make intelligent trade-offs." Hahahaha! The Mogambo springs to his feet, and whipping out a Magic Marker, quickly draws some graphs on the wall.

## **Treasury Secretary John Snow: Ignorant Americans**

As the security guards drag me away – they obviously don't like Magic Marker on the walls – you can hear the Mogambo yelling out, "When one charts the apparent IQ of Americans through the decades, which is shown by this upper line that is sloping down and to the right, simple extrapolation dictates – dictates! – that we are provably, beyond any shadow of a doubt, much more ignorant than at any other time in American history! I mean, just look at us!"

Well, obviously, I was not there for the rest of the interview, entangled as I was with the security personnel. Instead, I was trying to gently calm them down by screaming right into their faces that they can't arrest me because I am the Mogambo, and they are infuriating me by acting like they never heard of me, and you should have heard the disrespect they showed for my License To Kill status! Jerks.

Anyway, so it is to the actual magazine article that we turn, and we read that Mr. Snow figures that we need to fiddle with tax policy to encourage savings. So far, so good! The reason is, and I love this, that he says that it "plays into long-term growth rates, because if you invest more for the future, you have higher real wages, higher per capita income, higher prosperity."

This is where we part company on this savings thing, because I am here to tell you that while we DO want investment from savings, we do NOT want higher real wages OR higher per capita income. We want prices and wages to remain perfectly stable! Zero inflation. If we do that, then the "Miracle of Productivity" kicks in! Prices go down, while income stays up, and part of the

extra money saved per week (the marginal propensity to save) lowers rates, and the remainder (the marginal propensity to spend) provides the extra demand to soak up the additional production! So textbook! So classic! So deliciously perfect!

### **Treasury Secretary John Snow: More Income Inequality**

And that is the reason why I was dragging my feet as the security people were dragging me down the hall – screaming as loud as I could – that John Snow is an idiot, because even a moron as intellectually impoverished as me can immediately realize that the only real end result from higher wages and higher per capita income, what he envisions as our future, is that it necessarily breeds more income inequality, which is characterized by the wealthy and a middle class that raises its prices to cover its increased costs (and thus merely offsetting the inflation in prices) and that leaves a large, and growing, class of people who do NOT have a higher income but have to pay the damned higher prices. These are your standard categories of your old, infirm, handicapped, homeless, mentally ill, young, abandoned, weird, anti-social, homicidal, lunatic, the unemployed and the unemployable, and various assorted others, like the Mogambo, who embody a little of all of these people, if modern psychiatric diagnostic techniques are as good as they claim.

If you don't have any money, then a \$1 loaf of bread is more attainable than a \$5 loaf of bread. And if you are homeless, then a studio apartment at \$50 a month, utilities included, is a lot more attainable than an apartment costing \$1,500 per month, plus utilities and security services to keep the poor people away.

And when you gather all these poor, miserable people into one place, you will immediately notice that there are a lot of them. And I mean a lot! Out of a population of 290 million currently living in America, 150 million do not work at all! Of the 140 million who DO work, fully 22 million of them are direct employees of a government! And the rest of the country is merely engaged in selling goods and services to the government and to each other.

So how many people are going to benefit by higher wages and higher per capital income? Let's find out! I walk up to the microphone and announce, "May I have your attention, please? Stand up if you think you are going to benefit from a policy aimed at producing higher wages and higher per capital income. Be honest." After a lot of shuffling of feet and mumbling and grumbling, I look out over the audience. With a sneer in my voice, I say, "I see the usual suspects standing: Lawyers, politicians, power brokers and, of course, the damn bankers. Perfect. Absolutely freaking perfect."

And all the rest of the people, that vast, engulfing sea of people who are not playing in the game, for one reason or another, are going to suffer because of somebody else getting higher wages and higher per capita income, which makes prices go up. And increasing the suffering of more than half the population of the United States is not in Mogambo's Definition Of Economic Success (MDOES).

### **Treasury Secretary John Snow: No escaping Dollars and Cents**

In a similar vein, the Associated Press reported that the Census Bureau figures that "The number of Americans living in poverty increased by 1.3 million last year, while the ranks of the uninsured swelled by 1.4 million." Well, rising immigration could explain that, I suppose.

In the same light, "Approximately 35.8 million people lived below the poverty line in 2003, or about 12.5% of the population. That was up from 34.5 million, or 12.1% in 2002." Well, that could be a statistical error, an all in all, one could make the argument that things are, roughly, about the same, and if adjusting by immigration, then things are actually better!

But there is no escaping dollars and cents, and in that regard, they report that "The median household income, when adjusted for inflation, remained basically flat last year at \$43,318."

And I am here to tell you that the government massaging of actual statistics only partially compensates for the real level of price inflation, and if you fully adjusted incomes for the effects of inflation, then the median household income went DOWN, and has been going down for years!

Yikes!

Regards,

**The Mogambo Guru  
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