

Minimum Wage Wins Nobel Prize

By [The Mogambo Guru](#)

10/23/06 **The Daily Reckoning PRESENTS:** If you are tired of listening to the Mogambo scream and scream and tell you how important it is to pad your portfolio with gold and silver...too bad. Because he's doing it again. Read on...

MINIMUM WAGE WINS NOBEL PRIZE

If you want a good lesson in inflation by creating excesses of money and credit, financing a whole lot of government corruption with a high degree of murderous viciousness, theft and criminal stupidity, then look no farther than Zimbabwe.

Reuters reports: "Zimbabwe's central bank governor on Monday raised the country's main lending rate by 200 percentage points to 500 percent in a drive against skyrocketing inflation and a severe economic crisis. Its inflation rate of 1,204.06 percent is the world's highest, while unemployment has vaulted to more than 70 percent as companies either fold or are forced to downsize."

So inflation is twice the official interest rate? Hahaha! Requiring people to borrow money at 500% to make 1,204%, which produces more inflation in prices, is supposed to stop people from borrowing money at 500% to earn 1,204%, even though it produces inflation in prices? Hahaha! This is so idiotically insane that if there's one country that the United Nations SHOULD invade to depose a ruthless, thieving, murderous dictator and imprison whole swaths of his henchmen and collaborators to save the people and the country, forget Afghanistan and Iraq. This is it right here!

And this Zimbabwe madness may be here in America sooner than you think, as I extrapolate from reading Alec Nevalainen at Coinflation.com, who wrote that "Zinc passed the \$1.80 mark today, and that means the current 'penny' has a melt value of \$0.0101867." In fact, he adds "All the coins in your penny jar are worth more than their denomination (except for steel cents made during WW2)."

And sure enough, he includes the five year charts of copper, zinc and nickel (of which our money is made), which are all up hundreds of percents, as they have all literally tripled and quadrupled in the last five years!

What to do? He predicts steel or aluminum coins in our future.

If you are still unconvinced, but deadly tired of me constantly yelling at you to buy more gold and silver, then prepare to be turned around with "Get Ready for Gold's Turnaround" by Ben Abelson of ResourceInvestor.com, who writes that John Hussman, of the Hussman Funds, "has done extensive research on historical economic and relative valuation factors and what they suggest about future returns for mining shares."

First, he tells us, “early recessionary or pre-recessionary periods are some of the strongest historical times for appreciation in the mining shares. These time periods are typically represented by declining long-term interest rates, rising inflation, and a contracting economy.” I look out of the window, and note in my Mogambo Daily Log (Stardate 6539 point 4) that we already have the aforementioned rising inflation and contracting economy. And if Moody’s is successful in debasing AAA bonds, you will also see, theoretically, declining long-term interest rates. So three out of three!

Mr. Abelson goes on to say, “According to Hussman’s research (which spans several decades), at the rare historical periods when 1) the rate of inflation is higher than 6 months earlier, 2) treasury bond yields are lower than six months earlier, 3) the Institute of Supply Management’s Purchaser’s Index is below 50 (representing a contracting manufacturing sector) and 4) the Gold/XAU ratio has been above 4.0, the XAU has returned an average...” and by this time I am busily scribbling in my notes about these four important points, and I realize that I am going to have to ask him to repeat them, probably a lot of times. I am thusly completely unprepared for him to go on to say that the average return was “123.63% annualized!”

The pencil flies out of my hand at my astonishment, lands in the lap of Little Miss Susie Wonderful (who thinks she is such hot stuff) who quickly brushes my pencil to the floor, as she makes this stupid little face and says, rudely, “Ewww! Mogambo cooties!” and everybody laughs.

Fortunately, Mr. Abelson is a classy guy, and he takes no notice of me sticking out my tongue and making obscene gestures at them all, but immediately goes on to say, “Currently, all of these are factors...in alignment, with the sole exception of the ISM Index. And, that index recently declined to 52.9% for September, suggesting the manufacturing sector is getting dangerously close to contracting.”

To show you an example of the laughable stupidities in general (and economic stupidities in particular) that reign supreme in the United States, and that make a mockery of our claim of being an educated, intelligent nation, get a load of this AP headline: “Experts support minimum wage hike”. The subhead is, “Group of 650 includes five Nobel recipients; Colorado gets ready to vote on issue.”

The article reports that “more than 650 economists, including five winners of the Nobel Prize for economics, called Wednesday for an increase in the minimum wage, saying the value of the last increase, in 1997, has been ‘fully eroded.’” Well, duh! What in the hell did they think was going to happen when they stupidly applauded Alan Greenspan for his deplorable, massive increases in money and credit that started, coincidentally, in 1997? I mean, how stupid can you be, to act surprised now? Jeez!

The list of economic chowder-heads and numbskulls that participated in this idiocy includes “Nobel Prize winners Kenneth Arrow of Stanford University, Lawrence Klein of the University of Pennsylvania, Robert Solow of the Massachusetts Institute of Technology, Joseph Stiglitz at Columbia University and Clive Granger of the University of California, San Diego.” They noted

“in a statement released Wednesday that the real value of today’s federal minimum wage is less than it has been at any time since 1951.”

Then they laughably said, collectively, “We believe that a modest increase in the minimum wage would improve the well-being of low wage workers and would not have the adverse effects that critics have claimed.” Hahaha! What morons! These blubbing halfwits are saying that increasing wages, which increases expenses for businesses, does not mean that businesses will have to charge higher prices to make up for it? Hahaha! And are they also saying, in their economics bizarre-speak, that businesses charging higher prices in response to paying higher wages is somehow different from any other price increases (which is merely a devaluation of the buying power of the wages), which was the whole freaking problem to start with? Hahahaha! Morons!

The article notes that “critics of a minimum wage hike have contended [that] a higher minimum wage leads employers to cut jobs or move them offshore. They also say that many minimum wage earners are teenagers working after-school jobs.” What in the hell is that about? I, for one, am a big, big, BIG critic of increasing the minimum wage, but I don’t agree that higher minimum wages necessarily means less jobs for Americans. And I don’t agree that screwing over teenagers is a reason not to raise the minimum wage. And I know that there are a lot of grown people, many with children, who are unsuccessfully trying to eke out a living on their miserable, low-value wages, and that is why I ceaselessly champion the idea of restraining the ability of the Federal Reserve to create money and credit, which will keep prices from rising in the first damned place!

I also note that the economics blowhards and this little twerp reporter all neglected to even mention the resultant effect on prices, which will go up because of raising the minimum wage (and, directly or indirectly, a lot of other wages) which is the exact freaking opposite effect that these ridiculous do-gooders intended! If that is not staggering incompetence, then what in the hell is it?

And then they get all huffy when I howl in outrage at such deliberate deception, and the next thing you know, there are security guards all over the place, and I’m going “Hi, Bill! Hey there, Jimbo!” and they’re going “Hi, Mogambo!” and I’m going “Do you still want that five dollars I owe you?” and they go “Eat some Mace, creep!” and I’m going “Ow! Ow! Ow!”

But nobody notices, or even cares, about the mistreated Mogambo, nor did anybody mention the increasing horror inflicted on people who do not have jobs to get these higher wages, although they will have to pay the higher and higher prices from now on, too. So the unemployed, and the sick, and the tragically handicapped, and the criminals, and all the people on fixed incomes are all going to suffer much, much more at the hands of inflation in prices because of this “raising the minimum wage” stupidity.

I am outraged! I am only mollified by the notion that there is surely a place in hell for idiotic poseurs who masquerade as economists, and as a result of their incompetence, stupidity, corruption or just plain evil viciousness, consign millions of people to an inflationary hell on earth. Bastards! I denounce them all!

Until next week,

The Mogambo Guru
for The Daily Reckoning
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Mogambo sez: I love the way that gold, silver and oil are falling into my trap! If I hadn't spent all my money at Patty's Palace of Pizza and Porn, I'd buy more. I only hope you don't make the same mistake.