

Re: Interesting Economics Questions

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- *From:* "Sgt. Sausage" <nobody@xxxxxxxxxxx>
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"555666hahaha" <skepticdude@xxxxxxxxxxx> wrote in message
news:1115454491.703921.10320@xx

- > Forgive me for not knowing as much as you think I should about
- > economics, but I have a few ideas I'd like the higher forms of life
- > here to comment on.
- >
- > The price of everything is going up all the time, which prompts 2
- > questions:
- >
- > 1 – If minimum wage keeps going up with the cost of living increase,
- > does that mean that there will come a day when this wage will be
- > \$100.00 per hour?

Eventually, yes.

Back in the day, folks got a dollar a day. Before that, a dollar a week. Those folks would have laughed at the thought of getting *multiple* dollars for something as small as an hour of labor. Fast forward 150 years and now the minimum wage is (?) What (?) \$5.50 an hour ?

- > And then even more ridiculously high wages in the
- > farther future?

Yep.

- > Are personal cars and trucks one day going to cost
- > millions of dollars each?

Without a doubt.

- > 2 – Why do prices go up anyway?

I'm not an economics guy. I just hang out here. My personal theory is that inflation is desirable by those that run the govt. They can borrow huge amounts of \$\$\$ today, and pay it back with largely deflated

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dollars in a few decades. Since this has obvious benefits, they promote a mild inflation to make it happen.

Just my opinion, though, not really based on anything like actual "economics".

- > The way I figure, everything most
- > people buy everyday, can ultimately be traced to large factories, owned
- > by fat cats or corporations that are never satisfied with their current
- > profit margin. Aside from rich fat cats that are never satisfied with
- > their profit increases, what else am I missing from this picture?

Nothing. It's human nature. Greed. Folks always want more. How much is enough? -- just a little bit more than I've got right now. How much will be enough then? Just a little bit more ... and so on ... ad infinitum. More, more, more. It's like it's genetically hard-wired into our brains to obtain more and more and more (stuff, money, influence, power, etc.)

- > I was intrigued by a discussion I happened upon a year ago, which said
- > that the idea behind money's "worth", originally, was because it was
- > backed up by gold at the treasury.

But, I've gotta ask. What, then, is the "worth" of gold? It's just a hunk-o-metal that's been pulled out of the ground and refined. Sure it's got some utilitarian value, some aesthetic value (jewelry, etc.), but how is it "worth" something more than what it cost to pull it out of the ground? You've just moved the argument down one level from dollars to gold. Same argument. What good is gold? You can't eat it when you're starving. You can't burn it when you're cold. It's got an artificial value, like the dollar, based on what people *believe* it's worth. Same argument. You've gone nowhere by going from dollars to gold.

For me, the OneTrueWorth of the dollar, over and above *all* other things, is that it keeps me out of federal prison. You see, our nice Uncle Sam *requires* his tax payments in ActualDollars(tm). If I don't pay him in the currency he wants (dollars), then I go to jail. For that simple reason, and that reason alone, I toil away to collect and accumulate dollars.

If it weren't for that, and that alone, a dollar would be completely worthless to me.

- > The discussion went on to point

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- > out, correctly I believe, that gold's relationship to the dollar notes
- > in your wallet is extremely superficial, and it's functionality has
- > more to do with the seller BELIEVING this money has actual worth (as he
- > takes the money from you), than in the money actually POSSESSING worth.

It does have worth. See above. It keeps all involved out of the FederalPoundMeInTheArse prison. We all *need* these dollars, whether we "believe" in them or not. Our govt. *requires* them when collecting our tax payments.

- > In other words, today's money is not worth the paper it is printed on.

Depends on how highly you value staying out of prison.

- > This of course is obvious, but i cannot help but think of how dectieful
- > this scheme really is.

- > To me, it boils down to this: that the value of
- > money is completely determined by the seller of goods you wish to
- > purchase from, and has absolutely NOTHING to do with possessing actual
- > worth.

It's all force and coercion on the govt's part. Without the threat of defaulting on tax payments, and the threat of prison, then — Yes! you are correct. The dollars are quite worthless.

- > Further, the seller's appraisal of the money's worth, will be
- > determined by what HE thinks he can do with it. In other words, money
- > has no ACTUAL value, as it originally did, and thus has only illusory
- > value. Comments?

My comments are all above.

- > Forgive me if you've heard this question before, but...
- >
- > What would be the economic consequences if the Treasury, only one time,
- > sent a stack of \$100 bills, say, \$500,000 worth, to every family
- > currently on welfare?

Honestly, (and this is another topic altogether), not much — if you're looking at how it would affect the families. Most of the folks on welfare have no idea how to handle money. They'd burn through it in 2 or 3 years and be looking for another handout.

Search google for the (true) stories on the statistics of how many RegularJoes who came from poverty, won a million or two in a lottery, and 3 years later are back on welfare.

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- > How would this negatively impact the economy if
- > familie currently on welfare were suddenly able to pay off all debts,
- > buy cars and houses for themselves, and send their kids to private
- > schools? I see lots of businesses making profits and thus growing, and
- > I cannot foresee any disasters.

The fact of the matter is, that money has to come from somewhere. Either it comes out of my pocket in the form of additional taxes to pay the poor families – OR, Uncle Sam would just print up the new money, in which case you'd cause just enough inflation that it would almost exactly wipe out the additional dollars you just printed.

There's no benefit to doing what you propose — to anyone involved.

- > As you answer, ask yourself what you thought President Bush was up to,
- > when he sent that \$300 tax–refund check to so many blue collar workers
- > back in 2000 (2001?). The check was drawn on the "U.S. Treasury."
- >
- > If that didn't hurt the economy, why couldn't they have written the
- > check for \$300,000 for each person, instead of \$300?

That money was money that was already there. No new money needed to be printed. No new taxes needed to be collected to pay it.

If you can do what you propose without either (a) collecting new taxes or (b) simply printing new money, then you're onto something. The way I see it, though, you're dreaming the impossible dream.

[snip]

• *References:*

◆ *Interesting Economics Questions*

◇ *From: 555666hahaha*

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