

Rising Wages Lift Inflation Gauge

Jan Johansen November 22, 2014



Rising Wages Increase Inflation

The current United States economy is leaving many workers behind. The reasons why and what you can do about it are given.

(Newswire.net -- November 22, 2014) -- One interesting note from the recent election is the issue of minimum wage. Four states that elected Republican Senators – Alaska, Arkansas, Nebraska, and South Dakota – also approved ballot measures to raise the minimum wage.

There is a widespread perception that this economy is leaving ordinary workers behind. This goes beyond party politics. Real wages have been stagnant for over 30 years. While it is true that the Federal Reserve stimulus programs have stimulated asset prices, wages and job creation is stagnant.

Congressional observers believe that Republicans will be goaded into raising the minimum wage. Free-market economists argue that a higher minimum wage would eliminate more low-end jobs. On the other side are interventionist economics purporting that a mandated higher minimum wage will tend to lead to “trickle up” and lift wages across the board.

But rising wages increase labor costs for business which forces them to raise prices in order to stay in business. So employee's end up with less purchasing power.

All being said, government forces cannot dictate the “real” value paid to workers.

But...the Federal Reserve can ignite a wage-price inflation cycle and has been successful in doing just that.

Recently the precious metals market has been beaten down but that may be a perfect opportunity to jump in as reasoned by metals analyst David Smith who recently stated “Try to be a contrarian when the market is really lopsided, when everybody's on one side of the boat, that's when you want to take the other side of the position”.

The silver to gold ratio took a dive recently to the lowest levels since 2009, plunging down to 1/75th of the gold price meaning that the gold to silver ratio rose to 75:1.

This may be the perfect time to switch out of gold and into silver.

Silver prices have the potential to close the gap with gold even more than in 2001. There is a mountain of historical evidence to suggest that the ratio can narrow to 20:1 or even 10:1.

Or...

Maybe Bitcoin is for you?

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