



Cheryl Miller: Who wants to be a millionaire?

By Cheryl Miller, columnist
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Canandaigua, N.Y. — Many years ago, an acquaintance of mine offered his solution to poverty in America. “All the government has to do is print enough money to make everyone a millionaire,” he asserted smugly.

I lost track of that budding genius over the years, but I suspect he’s been in Washington for the last two decades, whispering in the ears of our senators and representatives. I am certain they understand why his “solution” can’t work, but megalomaniacs are willing to pretend otherwise if they think it will keep them in office.

In an earlier time they would have been tarred and feathered; now, many of them aren’t even principled enough to be ashamed of the havoc they’re causing, and we don’t care enough to vote them out.

The value of our dollars originates from a historical link to gold, a metal inherently valuable by virtue of its beauty, utility and rarity. Paper certificates once represented actual gold stored in banks, and could be converted to gold whenever their owner chose. But the money we use today is not gold-based — its value depends on the practices of the Federal Reserve, established by Congress in 1913. It is the disconnection from commodity money, and citizens’ disinterest in the subject, that make possible the scheming and scamming and ruinous fiscal policies.

When government issues bonds and prints currency with only those bonds as security, the result is inflation: it takes more dollars to buy the same goods. In essence, inflation is a tax on all of us. If it gets wildly out of control, hyperinflation ensues — more bonds are issued, currency loses more value, and the central bank has to print money in increasingly larger denominations because the smaller denominations are worthless. Thus, we could all end up millionaires, even trillionaires, yet not have enough money to buy a loaf of bread.

And man, oh man, is our government issuing, printing and borrowing! Congress just approved raising the debt ceiling by \$1.9 trillion. If signed into law, it reportedly will bring the accumulated debt total to \$40,000 for every man, woman and child in the nation. The U.S. borrows more than 40 cents for every dollar spent on service programs, including defense. Some estimate that our debt will surge \$13 trillion by 2020 — more than twice the total debt accumulated up until 1999.

At the end of 2007, the total number of government jobs exceeded, by about 4 million, the number of jobs in the private sector. (Remember: government jobs consume wealth, they do not create it!) Last year, while private employers were downsizing, the federal government grew by 13,000 employees, among them more IRS revenue agents hired to strengthen enforcement of the tax code. Nor are these all minimum wage jobs; according to a report from CATO Institute, 383,000 federal workers earn annual salaries of six figures, not including non-salary benefits.

More ominously, the number of unionized government workers last year surpassed those in the private sector. In private industry, unions tend to be self-limiting, because employers will go out of business if unable to respond to market conditions due in part to union demands (think U.S. automakers); government unions have no such worry.

This has to stop. We must hold our elected officials accountable for the mischief done in our name. We must curtail the rampant growth of government. We must stop living beyond our means, in order to preserve our independence from the holders of our IOUs. We must stop thinking only in the short term, for a day of reckoning will surely come.

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