

## Majority Rule and the Poor

### Elevator Speech of Lesley Anne “Annie” Emerson’s Themes, February 18, 2026

Annie’s model illustrates three findings. Academic controversy surrounds her reference to industries rather than businesses as price-takers in global markets. Conventional economics does not always think in terms of modeling the relationship of the money supply to different global industries. The paragraph below helps explain the situation that Annie’s model describes:

Free marketeers believe that the benefits of growth and productivity extend to all. But Annie’s model shows us that (1) POCKETS OF POVERTY REMAIN IN FREE-MARKET SOCIETIES, EVEN THOUGH POVERTY MAY DECLINE OVERALL. Not only does “trickle-down” to very poor minorities NOT occur, but also (2) MAJORITY-RULE FOR MAJORITY-BENEFIT PULLS RESOURCES AWAY FROM THOSE ALREADY LEFT BEHIND -- locally, nationally, and globally. The left-behind become impoverished, disillusioned, angry, disruptive, and sometimes violent. Annie’s simple economic solution to financial inequality is to (3) REDUCE THE AMOUNT OF MONEY IN THE SYSTEM, WHICH CAN HELP PRICES ADJUST TO BETTER REFLECT TRUE VALUES and help deliver what is needed.

Annie is an economist and does not often offer political solutions, but here is one: *the enlightened majority, recognizing the plight of the minority as described by Annie’s economic model, can vote for a certain level of decent living for everyone, even for outvoted minorities*. That is, if we all vote for our own best interest, the poorest minorities will be left behind and may become so deprived that their anger and poor living threaten the majority. Those of us who don’t like the consequences can vote for a society that helps those minorities without enough votes to help themselves. We should have a lively discussion about what kind of society might do that. Is it enough to insist that generosity lies with individuals, or with government? Or both? And how?

Please see also Annie’s essay on Loss of Empire - Warning, on this webpage. This reaches from economics into history, international relations, and to investor confidence. In particular, it describes Annie’s remembrance of the consequences of loss of reserve currency status for the pound sterling. *Reserve currency status tends to exist when financial markets have confidence in the currency. Confidence in the currency tends to exist when financial markets believe that the issuer of the currency, usually a country, runs its finances prudently.*

### For Economists: Q and A about the Elevator Speech:

Q1) If a skill is in demand, surely its price will be bid up?

A1) This is what economic theory would expect. This question ignores Derived Demand. That is, the price of the final product (e.g., a restaurant meal or packaged meal in a grocery store) determines the funds available to pay for the intermediate inputs. If the price of the final product is low, then no matter the need for the intermediate inputs

(workers and buildings), that contribute toward making the final product (restaurant meal or packaged meal in a grocery store) there will be insufficient (monetary) demand for them. This is also true of the underlying commodity, which must pass through all the intermediate steps before becoming an ingredient of the final product.

Q2) If the economy cannot sustain the items, then, surely, we can allow them to be discontinued?

A2) People need to eat. If we discontinue the kinds of restaurant meals that the economy cannot sustain, we can expect that fast-food chains (for the poor) and exclusive restaurants (for the wealthy) will proliferate, at the expense of a once-thriving middle-income restaurant business. Middle-income people may have to choose between fast-food meals and cooking for themselves. I dislike either option, and I am retired with time to cook and money to eat out. I prefer that a healthy-meal industry be sustainable.

Q3) If a good is in demand, such as petroleum or food, surely its price will be bid up?

A3) This is what economic theory would expect. The question ignores the global competition for people's money. When people have enough money for food, they put their money toward other items. This draws money into production of those other items, which in turn draws resources into those other businesses and industries, and away from the less-profitable food (and commodity) industries. Technically, the income-elasticity of demand for necessity commodities is less than one (inelastic). Growth of incomes and wealth draws resources out of "necessity" (technical term) goods and services industries, and into industries with more "luxury" attributes.

This often keeps the wages of farm workers lower than is comfortable for them. Perhaps farm workers cannot afford comfortable living spaces, etcetera. Yet, if you allow the price of food to rise high enough for farm workers to be paid a comfortable wage, then growth in the rest of the economy suffers because everyone has to pay more for food. Academic research supports the idea that low food prices benefit consumers rather than farm workers. (We also have seen how volatility in oil and gas prices affects economic growth in the rest of the world, since the advent of OPEC, raising prices on oil and natural gas.)

### **Clarification and Elaboration: Majority Rule and the Poor**

- 1) For many years, Westerners sincerely believed that wealth would spread from the engines of growth to the poorest of the poor. It doesn't happen. We see pockets of poverty and societal rejection in almost every civilization, past and present.
- 2) There IS a value system that offers help to the poor. Most of the world's major religions and philosophies advocate for compassion, kindness, and contentment with one's situation. Yet these virtues are elusive, and many atrocities are committed in the name of those very religions and philosophies.

- 3) Every society has people at the bottom of its socioeconomic strata. In India it was the “untouchables.” In the UK, it was child workers, orphans, or those in the poor-house. In other cultures, it was often the lowliest slaves. Sometimes prisoners are used as forced labor. The phenomenon occurs in many cultures and many social groups.
- 4) Most societies believe in having police and tax collectors – people whose jobs it is to enforce the rules over a sometimes-unwilling citizenry.
- 5) Where “Annie’s model” or “Annie’s theory” comes in is to remind us that:
  - a. All societies use this structure, and all societies have poverty, even as its prevalence may have declined overall.
  - b. Majority-rule leaves the left-behind ever farther behind. If allowed and able, resources, including people, commodities, and money depart from left-behind regions and countries to make better fortunes elsewhere. This is true globally, nationally, and locally.
  - c. When the dominant culture moves on, then what used to be a good living stops being a good living; it does not remain static at a level that used to be enough.
  - d. When the left-behind get sufficiently angry and disillusioned, they become disruptive. They may go on strike; they may demand what the system can’t give them; some of them may become violent.
  - e. There IS an economic solution – reduce the money supply and in so doing reduce both the system’s dependence on monetary reward as carrot, incarceration as stick, AND people’s need to be monetarily embedded in the system. (That is, for people to need a well-paying job in order to survive.)
  - f. Concurrent with reducing the incentive power of the system’s monetary properties, we need to emphasize the education of all people into a body of knowledge that emphasizes citizenship, community, and universal values. We can find these in the preachings of visionaries and prophets the world over, much more than in political and economic textbooks or rallying cries.

Please see also Annie’s essay on Loss of Empire - Warning, on this page.