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I Stand Corrected?

From my friend Dave:

You write: "The US Fed target rate of 2% inflation represents the measure by which the US Government targets and steals the wealth of its citizens."

I have to disagree with you on that one.

The Fed's target is 2% price inflation. You can't confuse that with monetary inflation, which is the actual means by which the government robs us.

Price inflation doesn't kick in until the increase in monetary inflation exceeds the increase in goods & services (call it GDP as an approximation). If our GDP increases by 3% and the money supply is held constant, we would see prices fall (i.e., price deflation) over time.

That's why Milton Friedman and the Monetarist School recommended increasing the money supply by around 3% to roughly match the increase in GDP - so there would be NO PRICE INFLATION, and the country would have stable prices. We were supposed to be thankful for that - Ha! Friedman was just as much of a THIEF as the other Statists because he wanted to trick the population into thinking he had "solved" price inflation (while hiding the FACT that our main problem was monetary inflation). The cost of Friedman's "solution" was letting the corrupt government inflate the money supply by 3% and effectively STEAL the equivalent of our TOTAL GDP EVERY YEAR, while telling us to be happy that our prices are stable.

When monetary inflation exceeds (GDP), price inflation kicks in. But the actual measure of how much of our wealth is being stolen is closer to the TOTAL of GDP PLUS any Price INFLATION. The theft actually is defined by ANY INCREASE in the money supply (but most people don't realize they have been robbed until the money supply exceeds GDP, and they start seeing a rise in general prices).

If people could realize that even if prices were STABLE (per Friedman's evil model), we should not be "grateful" for that stability because we are still being robbed of our total annual increase in goods and services. Think about that ! Even with ZERO price inflation they are STEALING everything this entire country produces every year.

Granted, that is a simplistic monetary model, but it's more accurate than the current economic bullshit we are fed. Historically when we had a relatively stable currency we also had PRICE DEFLATION, and that increased the value of everyone's savings and earnings. Currently we are being robbed blind !!!

Happy 4th of July, and Best Always !

- Dave

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