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The Price of Freedom is Eternal Vigilance

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Inflation and Control of Money By Neville Archibald

With all that is going on in our lives, why is it that we prioritise the immediate over the long term? In the past, this is the sort of thing I expected from third world countries, like India in the 80s when I visited. Farmers making mud bricks from their land to sell, leaving an impoverished soil that will no longer provide a living growing things. The most effective way of destroying the land for future generations. They were starving, and short of selling themselves into slavery, that was their only option. Are we at that stage here in Australia? Where the immediate concerns are overwhelming us, stopping us from any focus on the future. How is it that people can get to this point? What are the reasons behind the acceptance of this action, or lack thereof?

A tradesman selling his tools means he is either retiring or can no longer make a living with them, he sees no alternative other than giving up and cutting his losses. He must change his occupation to survive!

Some of us hang on, paying ever increasing rates on property, fuel price increases, insurance rate rises, and ever more tax increases. These rises are all part of paying for all those beautiful things the government gives us – or is it?

There is an unseen part, the insidious de-valuer: inflation, which keeps on eating away at every single thing we purchase. It is the quiet achiever, year after year! Any savings, superannuation included, becomes a fraction of the potential spending power it would have had in the year in which it was saved. Hanging on to savings over a ten year period, means the amount not spent in that first year will buy less than it would have done ten years previously. Sometimes it is not even that long before you see it.

Let us use cheese as an example. Before COVID a one kilo block could be purchased for about seven dollars, not even six years later this same block is

sixteen dollars. A 230% increase.

Butter, again before COVID around \$5.50, now about \$8, almost 150%.

I am sure others could add to this from their own observations, but these are two that stick in my mind. “This is during a “pandemic” scare”, you say. “Of course it will go up!” In actual fact, those prices are prior to the pandemic and now. Some increase might have been ‘helped’ by the crisis, but it also should have settled by now. This is not the point I am trying to make, prices rise over time (especially over the past few years) and devalue your spending money. This example simply magnifies it for you.

If you were to buy 10 blocks of cheese or 10 blocks of butter in 2019, here is what it would have cost you.

Cheese (x10) then \$70 now \$160

you could have bought 12 more blocks when you originally put that money aside!

Butter (x10) then \$55 now \$80

you could have got 4.1/2 more for your money originally.

Did your effort to earn that money change over that time? It is interesting trying to look up the average wage for those two years. I was going to do a comparison to see if everybody else’s wage increased as much as cheese. Seems the information is not as straight forward as I suspected it should be.

We all must file tax returns each year, but it is not presented as an average to be viewed in a consistent manner. Once again seasonal forces, currency valuations and other variations are quoted as making it a difficult thing to figure out exactly. The Inflation/wage increase see-saw is one of those financial either/ors that are regularly trotted out by governments to justify taxes and/or poor financial performance. The language of smoke and mirrors, statistics and guess work so it seems, that make them seem like they are coping, if not actually in charge; but the devaluation of savings still goes on, buying power still decreases.

If I were to take the lower increase of butter (150%) and apply it to my then wage prior to COVID, being around \$32 an hour, it should now be \$48. Have any of you seen that? Maybe it’s just me! All my living costs have gone up though. How is this explained?

Like my energy costs! Minister Bowen’s comments, when confronted by Chris Uhlmann at a press conference (<https://www.youtube.com/watch?v=YRMNwQCdR14>) sees the reality of actual price increases being avoided in favour of policy intentions, no amount of pointing out that prices have risen will dissuade government from believing that their policies are working. Bowen himself actually making the claim that Australians have one of the lowest energy price inflation rates in the world, as if that magically explains why his promise to lower the electricity prices never actually happened.

It is this way too, with inflation. Graphs are presented to show lines of wages vs inflation that you could believe were cyclical and like Vera Lynn's promise, "we'll meet again, don't know where, don't know when". The reality is different! We are all still waiting for, "some sunny daaayyyyy."

As I said above, in the real world, any money saved, from work performed (with the same effort on our behalf), is- ten years later, worth much less. It is effectively stolen from us by the economic system's faulty operation. No amount of talking around it changes that simple fact.

Inflation rates since 1990 have hovered around 3%, before that in 1974 it peaked at around 16%. That aside, lets just consider the past 25 years, since the beginning of the new millennium. Since inflation is a compounding increase: that is, the 3% increase is compared to the previous year, (not many years in the past), that means over 25 years at 3% a year, something worth \$10 in 2000, devalues to about \$5 by 2025. It effectively halves your buying power.

In a sane world, surely, that must make you question this economic chasing of tails. Why do we put up with it? We spend time investing any real savings in other financial schemes in order to stay above this inflation rate, playing a game that enriches mostly those doing the manipulating of the system. If we do get ahead in real terms we are lucky; but like all those gambling ads say, you win some, you lose more! That also applies here.

Investment, if you can do it these days, even in the property market, also becomes a scheme, a gamble. At times it looks good, but by the time you need to trade it in, to say, move into a retirement home, your three bedroom house is close to the value of the single room you must buy into. (you must also still find the daily fees on top of that.) But we don't really question it, do we!

So now imagine a world, if you dare, where Henry Ford, who is believed to have said, about his model T, "you can have any colour you like as long as it is black". If he had stuck to that and now all Fords were black and due to some agreement by other manufacturers, each other motorcar company had their own unique colour, never to impinge on others, (so Holden was white, Toyota red etc. I think you get the picture) there would never be a variation, we would have agreed terms of reference! Each brand of car only comes in one patented colour.

Now fast forward a century and the whole thing has become so embedded in our culture that to think of 'Ford' is to see black, to think of 'Holden' is to see only white. Someone thinking outside of that system might want to paint their car a different colour but is shamed, or incredulous comments from others keeps them from doing it. It cannot be grasped that this accepted truth would be denied. If they continued maybe they would be shunned, a pariah, maybe even fined because it interferes with police identification parameters. The reality of this world has been shaped, a basic truth that you can actually choose a colour, has been removed, not just from the car itself, but the very minds of those who would normally do the choosing. It seems a ridiculous thought from the outside doesn't it!

Now comeback to our world, there are a number of things we have become blind to, just like those inhabitants of Henry Ford's black world. Many of them I would assert, are seen to be economic truths. Things like the stock markets, negative gearing, superannuation investment, interest rates, currency trading, full employment, and not the least - inflation. As I started with this , so I will continue.

Myths around money are many, myths around it's use and the acquiring of it are so firmly entrenched in our world that we can lose sight of it's real purpose and the moral implications associated with the pursuit of it. Consider the phrase, "It's only Business!" This often accompanies decisions that would otherwise be actions that we probably would not take in a fair and just world. The attachment of profit and the will to succeed can cloud that sort of judgment, it can justify our less than charitable natures. It can alter our very selves.

Before you complain that I am being too Christian in my outlook, think about the reasons behind this push for success at all costs. Why we overstep our mark, or "play" the "game" of financial one-up-man ship. We are trying desperately to keep our heads above water, using the means suggested to us by our economic superiors to win in this "game". Do we realise this is manipulation? It is being used to control how we behave, our very natures are being changed. We are being hardened to the plight of others. The "game" has to be played.

Where do we see this in life? How does it appear to us? Are the consequences really so bad?

Watching various COVID inquiries and listening to many Doctors talking about their professions and where they think we went wrong, gives a picture. How would inflation change the medical world, you wonder?

Picture our Doctors, who are so busy that the emphasis on patient care and the whole vision of what it means in their small societal pocket, changes. On reflection many can see that they are missing something vitally important. In depth interviews with many about what could have been done better, has led to a push for some sort of reform. So many patients are lined up to see them, that the links between cause and effect are swamped, so that "treatment" becomes "triage", and not necessarily a search for reasons behind the illness, or patterns that may arise. If it can be seen and needs to be questioned many times they are just too busy chasing the system, not just for gain, but because that is largely the way it is set up. They do not see themselves as research doctors, unless they have a high ethical standard. Even then, the difficulties they face trying to convince others of what they are seeing is offloaded somewhat by a reliance on the studies of those doctors who are involved in research.

"If we are seeing it, the others doing the research would be seeing it too, we would have been notified." "We don't have the time or the support to follow up on things we are seeing."

Many are saying that they are all so busy running that they don't have the time to do more than put their trust in others. With the captured nature of medical research and oversight these days, *(most is paid for by pharmaceutical companies - the funding*

for the oversight groups also) it becomes important to ask whose interests are being looked after? The ability to produce acceptable double blind, peer reviewed literature is limited to very few individuals, cost prohibitive to those who do not work in the industry. So Doctors found themselves, and still find themselves, working in less than optimal conditions, making reactive decisions rather than preemptive. Cost structures and financially driven medical care in our hospitals is making it more about the numbers that can be treated, 10 minutes a patient! I know funding is paramount, but how much of this is driven by inflation. How many are simply putting in the hours to get ahead?

There is a pressure on all of us to work hard, to achieve the goals our community around us often places emphasis on. Our expectations are driven by this observation, that to succeed we must play the game better than others. The financial side of things, ensures we must play within the set rules or lose out. We must invest with some form of risk, our savings, our superannuation. Those that do not are seen as merely pawns on the board, for someone must lose for others to win. Inflation makes this struggle occur, manipulations to cope, turn us against each other, we become competing players.

How did we get to this? We have more abundance in this world now than ever before, but we are scrabbling after it like life jackets on a sinking ship. Are we being conditioned to believe in scarcity now? Will there come a time when things are scarce and we must fight each other? All signs point to yes!

We are witnessing large scale farmland removal, taken out of production by many different methods. Inflation is a big part, rates and other financial impositions rise with it and make it nonviable to start with. Big companies buying up productive land and choosing not to plant or planting non consumable crops. Water availability is being restricted, financially as well as environmentally. Even our most magnificent philanthropists, who are intent on doing us all so much good, now own huge tracts of once productive land. What are they doing with it? All the financial manipulation is not only making it hard to earn enough money farming, it is also making it difficult to keep the land you need to actually farm on. The tap to turn on and off food production is coming under greater and greater control, not by individual farmers, but by corporations and restrictive governments. The manipulation of our money system is the tool used to create these controls. Watch this space.

When it comes to economists, what are they saying? There are those, who for their own reasons, warn of coming problems. The things they say about what is happening are often close to what we are seeing - they have to be, to obtain any kudos. Most, but not all, argue in the endless circle of existing economics, the black and white of Ford and Holden in our comparative piece. The view from outside that restrictive box is rarely contemplated. Alternative media will often interview these people to try to raise awareness of what we may be facing. Each pushes their own version of how to get through it, or what to buy into to ensure you survive.

As a Douglas Social Creditor, I listen for certain things. Number one for me is what happens afterwards. What visions they have of 'fixing the system' after the crash.

If they have none and are just selling 'gold' or some other hedging method, then to my mind, they either don't understand, or are a part of the problem. If they offer up more of the same and just warn about getting through it, a short term downturn, then they are not involved in anything but saving themselves or making a name for being able to 'read the market'.

True responsibility must look at where we are going wrong, where the root causes of this monetary instability is coming from. To grease a squeaky wheel might silence the worst of the noise for a while, but it does not adjust the bearings or fix the damage.

In an interview about hyperinflation, with Kim Iversen, American Investor, author and outspoken libertarian thinker, Doug Casey, suggests that Government should not have any input into the countries money supply chain (12 – 13.20 mins in). (<https://www.youtube.com/watch?v=BJ2FKrM26jU>) He says that the government "has no business at all in the economy or in your money." He infers that they are irresponsible and that it should be taken out of their hands. This is the sticking point for me with the libertarian movement, and with many other economist presenters. The role of government in monetary management is crucial. As an extension of the entire population, we should all control our ability to freely exchange things. The lack of control that we are seeing at the moment, should not mean we hand over responsibility to a saviour, whatever form that may take, it means we must regain control!

While I agree with a lot of what he says, (4.40 government in peoples lives), (hyperinflation at 6.30), (people just don't think it through at 7.40), Casey neglects to inform us of who should be in control. If it is the people, freely, by their own design, how does this come about? Isn't that what limited government is all about? Otherwise anarchy prevails and the wealthiest rule supreme. An overall world banking system, or 'the market decides', approach leaves us wide open to the tender mercies of our philanthropist dictators and big corporation decision makers. These outside, private concerns are not accountable to us, except by our use of money: where we do it by our spending. If we are bent over a barrel by inflationary pressures, that will not help us.

Money is a weights and measures item. It is a part of our society that we must agree to keep stable. At the very root of our problems, the manipulation of it, causes untold hardships and moral corruptions as we chase it in our efforts to be winners in the 'game'.

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