



Written by [John F. McManus](#) on March 28, 2021

Inflation Can Destroy a Nation

The Biden-Pelosi handout of \$1.9 trillion is underway. Where that enormous amount of money came from isn't being discussed. Biden hints that he will tax the wealthy. But to collect that much money with new tax levies on the wealthy is unlikely.

The president and his Democrat partners in Congress are using the giveaway to increase support for their entire agenda — not just among people who have been hurt in some way by the pandemic. While deposits of the new money have already begun arriving at the bank accounts of many Americans, it turns out that illegal immigrants will be receiving \$4.38 billion of the monster giveaway. According to Steven Camarota of the non-government Center for Immigration Studies, these non-citizen recipients will include anyone who has been provided a Social Security number, legally or otherwise.



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But there's another aspect of this great giveaway that virtually no one wants to discuss. It's called inflation. As history shows, when government prints — or delivers electronically — new money it doesn't have, the people pay for the grant with increases in the prices of everything they buy. All money is made less valuable as a result of the expansion of the money supply. The consequence of inflation has been so blurred that what previous history has labeled "a hidden tax" is even more deeply hidden today.

Paper money is a useful tool if it is backed by a valuable commodity, something tangible such as gold or silver. However, if the issuer of such paper certificates prints an excess number — over and beyond the amount of gold or silver backing them — and begins to use them to acquire the peoples' wealth, then he has committed a crime and should be prosecuted. But for almost everyone today, inflation isn't the fraudulent expansion of the money supply via the creation of unbacked paper money; it's mistakenly become an increase in the price of goods, despite the fact that that increase is an *effect* of inflation, not its cause. Blame is shifted to manufacturers, miners, and suppliers of products and services for the rising prices.

On May 14, 2011, a full decade ago, the *Wall Street Journal* published an article chiding dictionary compilers for caving into an erroneous definition of the term. The tomes, generally relied upon to tell us what words mean, formerly said that inflation was an increase in the quantity of money that lowered the value of all money. But today, even well-respected dictionaries skirt the correct definition and have people believing that inflation is an increase in prices.

Consider a counterfeiter. He acquires goods and services from the unwary with mere slips of paper. The



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government goes after the counterfeiter in part because it doesn't want competition with its officially sanctioned, albeit definitely bogus, currency. Years ago, the U.S. government went from issuing paper money backed by gold or silver to paper money backed by nothing. The process amounts to thievery because everyone's money continues becoming less valuable. But it can also lead to the destruction of any nation that allows the process to continue.

The late British economist John Maynard Keynes is well known as an ardent socialist. Yet, in his 1920 book *Economic Consequences of the Peace*, he correctly stated:

By a continuous process of inflation, governments can confiscate, secretly and unobserved, an important part of the wealth of their citizens.

In this book, Keynes went on to provide awareness about how inflation can be employed to actually destroy governments. He wrote:

Lenin is said to have declared that the best way to destroy the Capitalist System was to debauch the currency.... Lenin was certainly right. There is no subtler, no surer means of overturning the existing basis of society than to debauch the currency. The process involves all of the hidden forces of economic law, and does it in a manner which not one man in a million is able to diagnose.

Others have stated additional hard-to-find truths about inflation. American journalist Henry Hazlitt did so with his 1946 book *Economics in One Lesson*. He correctly warned of some extreme consequences of inflation:

It tears apart the whole fabric of stable economic relationships. Its inexcusable injustices drive men toward desperate remedies. It plants the seeds of fascism and communism. It leads men to demand totalitarian controls. It ends invariably in bitter delusion and collapse.

But the faulty definition of inflation persists. Few are those who know that it is *not* the condition of rising prices. Don't blame the gasoline distributor, the supermarket manager, the plumber, or anyone who seeks more money for his goods and services. And realize that by doing so, you may very well be the fellow Gary Allen pointed to in his 1971 best-selling book *None Dare Call It Conspiracy*, when he summarized, "... calling inflation the condition of rising prices is like blaming wet streets for rain."

Dire consequences will be the norm for any nation that uses inflation to steal the people's wealth and destroy freedom. What's needed instead is the realization that government is practicing sophisticated thievery, stealing the American peoples' wealth, destroying the capitalist system, and leading all of us into rule by government. Truth needs to be told. Instead, relying on falsehood and ignorance about inflation, President Biden has announced a new plan to create another giveaway program that will spend an additional \$3 trillion. Our nation cannot afford to allow this destructiveness to continue. The president claims his new scheme will be financed by tax increases on corporations and the rich. Haven't we heard that before?

And, by the way, for anyone who needs a wake-up call, the streets become wet *because* of rain.



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