



Written by [John F. McManus](#) on October 21, 2021

Inflation Is NOT Rising Prices; the Rise in Prices Is an Effect of Inflation

If you read a mainstream newspaper or magazine, or watch a network news program, don't expect to be given sound perspective about inflation. The huge problem with just about all such reporting is that it's based on the monstrous lie holding that inflation is rising prices. That profoundly erroneous belief gets repeated everywhere, especially on news programs sent to the public by radio and television. The lie is also taught at all levels of education. Hardly any of the dispensers of this falsehood know that they themselves have been misled and are misinforming their audiences.



John F. McManus

What is the correct view about inflation? It is that money has lost value because the nation is being flooded with pieces of paper that have no worth backing them. Example: In 1930, \$10,000 could buy a modest home. By the year 2000, a similar home would cost \$300,000 or more. The change in price resulted largely from destroying much of the dollar's value through massive insertion of currency into the nation. In 1930, money was gold and silver, and the paper certificates issued by the U.S. Treasury said right up front that it could be exchanged for a designated amount of precious metal. However, backing the paper currency with gold was canceled in 1933 via presidential decree. Then, in 1971, another presidential decree canceled silver backing of U.S. currency. Today, there is no precious metal of any kind backing U.S. paper currency. And, of course, there is no promise to redeem the paper bill — which is now a Federal Reserve Note, not a U.S. Treasury Note — for precious metal.

For several decades, U.S. currency hasn't been issued by government but by the privately owned entity known as the Federal Reserve. Working in tandem with the U.S. Treasury Department, the Fed has been given authority to issue completely unbacked paper money. When it is distributed, it takes on value by acquiring a portion of the worth of all existing currency. The \$10,000 price of the home in 1930 has steadily risen and is now nearing \$500,000 in paper dollars whose value has been severely watered-down by creating and issuing more dollars. What has happened is inflation. And inflation is not rising prices; it is an increase in the quantity of currency that lowers the value of existing currency.

Don't blame the the grocery store owners, gasoline station managers, home sellers, or others for what has happened to the value of currency in America. Blame should instead be directed at government officials in tandem with Federal Reserve personnel who work together to print paper money that has no backing.

Today, government officials and the nation's news purveyors admit that the price of everything has risen, and they point to erroneously defined inflation as the cause. In recent weeks, the misdiagnosis of currency's loss of value has been a daily occurrence. Very few involved in this fraud are deliberate scoundrels; most are guilty of allowing themselves to be caught up in repeating the misinformation. But



Written by [John F. McManus](#) on October 21, 2021

all are either “don’t-know types” or are deliberately misleading the people about the true meaning and effect of inflation.

Among the supposed inflation-creating culprits we hear about today is the glut of anchored container ships unable to unload their cargoes for a variety of reasons. There are plenty of other targets that are blamed for rising prices, such as bogus insistence on climate change, poor delivery of goods, etc. This is utter nonsense. Virtually no one points to the dollar’s steady loss of value because of flooding the nation with unbacked Federal Reserve Notes. As inflation grows (and the dollar’s value declines), there are dire consequences for the people of our nation, and for the nation itself.

For example, a hundred years ago, British economist John Maynard Keynes stated: “Lenin is said to have declared that the best way to destroy the Capitalist System was to debauch the currency. The process engages all the hidden forces of economic law on the side of destruction, and does it in a manner which not one man in a million is able to diagnose.” Correct!

American economist Henry Hazlitt pointed to inflation’s certain consequences in a 1979 book he wrote: “Inflation tears apart the whole fabric of stable economic relationships. Its inexcusable injustices drive men toward desperate measures. It leads men to demand totalitarian controls. It ends invariably in bitter disillusion and collapse.” Correct!

In 1960, highly regarded author William L Shirer wrote *The Rise and Fall of the Third Reich* In which he blamed catastrophic inflation for the emergence of Adolph Hitler as Germany’s leader. He wrote that the German government paid its World War I indebtedness with freshly printed and unbacked currency and circulated it throughout Germany and elsewhere. The German people eventually discovered “that a large bank account could not buy a straggly bunch of carrots, a half peck of potatoes, a few ounces of sugar, a pound of flour. They knew that as individuals they were bankrupt. Such times were heaven-sent for Hitler.” Correct!

In simple terms, inflation amounts to thievery of the misinformed people’s wealth. It steals the value of anyone’s unbacked paper notes (not backed by gold, silver, or something of value). History teaches that the existence of precious metal-backed currency is essential in any country desiring freedom.

So, how did the true meaning of inflation get smothered? One answer points to deliberate action taken at numerous levels such as the deliberate action taken by one of our nation’s famous dictionaries. On May 14, 2011, the *Wall Street Journal* told its readers in a headlined article that “Using a Dictionary To Define Inflation Can Spell Trouble.” Its writer, Justin Lahart, noted that the definition of inflation had been changed. He pointed to the pre-2003 Webster’s Collegiate Dictionary defining inflation as “printing too much money,” which is a correct way of explaining inflation. Then he pointed to the newer 2003 dictionary issued by the same company. The newer dictionary defined inflation as “a continuing rise in the general price level.” That is completely wrong, yet this faulty definition has taken root almost everywhere.

Currently, President Joe Biden has proposed having Congress authorize a \$2 trillion money creation scheme followed quickly by a \$3.4 trillion money-creating measure. These huge spending measures will rely partly on freshly printed paper money. Our nation’s admitted national debt already exceeds \$28 trillion. America is on a suicidal path that leads to destruction of the greatest nation ever built, the imposition of total power in the hands an elite few, and the creation of a tyrannical “New World Order.” One way to curtail what a few arch-criminals have in mind is to help many more Americans understand what inflation truly is.



Subscribe to the New American

Get exclusive digital access to the most informative, non-partisan truthful news source for patriotic Americans!

Discover a refreshing blend of time-honored values, principles and insightful perspectives within the pages of "The New American" magazine. Delve into a world where tradition is the foundation, and exploration knows no bounds.

From politics and finance to foreign affairs, environment, culture, and technology, we bring you an unparalleled array of topics that matter most.



[Subscribe](#)

What's Included?

- 24 Issues Per Year
- Optional Print Edition
- Digital Edition Access
- Exclusive Subscriber Content
- Audio provided for all articles
- Unlimited access to past issues
- Coming Soon! Ad FREE
- 60-Day money back guarantee!
- Cancel anytime.