

Our Economy and Our Devastating Inflation

Written by Aaron Gonzalez
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I will start by taking for granted that most people feel that our economy is struggling and that higher prices are being felt. But why is our economy struggling?

One of the biggest reasons is inflation. So, what exactly is inflation and why is it a problem? Inflation has recently been redefined as a rise in prices; however, real inflation is an increase in the money supply (a.k.a. printing money and credit out of thin air), and this leads to overall higher prices.

For our dollar, the increase in the money supply has been alarming and devastating to everyday Americans. The money supply inflation has been at about 15 percent, which is much higher than most Americans' yearly pay raise. This is devastating to Americans because our earnings and savings are worth less and less; for example, it takes \$3.60 to buy a gallon of gas instead of \$2.

Another problem with inflation is that it greatly benefits debtors (it is easier to pay debts if there is more money to repay it), and our government is the biggest debtor of all. Our government is supposed to control the inflation; however, their current biggest incentive is to continue inflating. Ultimately, the government causes more inflation with things like deficit spending and bailouts of the mostly rich investors in Bear Stearns, Fannie Mae, and Freddie Mac. The bailouts are made possible by inflating the money supply, and the pain is transferred from the investors to everyday Americans. These bailouts are just like giving a sick drug addict a fix with more drugs. Sure the addict feels good temporarily, but the addict only gets worse.

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I challenge everyone to research inflation and its results, to research how our Constitution applies to inflation, and to understand the how the policies of political candidates influence inflation and everyday Americans.

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