



## **INFLATION FORECAST FOREWARNS OF PERILOUS DEVALUATION OF ASSETS**

By Dennis Constant

In 1971, President Nixon imposed wage and price controls. Inflation was 4%. According to The Econ Review, “By the prevailing historical standards, such inflation rates were thought to be completely intolerable.” The Nixonian measures were not successful. “The wage and price controls were mostly dismantled by April, 1974. By that time, the U.S. inflation rate had reached double digits.”

In 2011, during the worst recession since The Great Depression, rising prices for gasoline and food are causing havoc along with high unemployment -- and gasoline and food prices are not even included in the “core” index of inflation.

The latest Moore Inflation Predictor, presented by Timothy McMahon, editor of the Financial Trend Forecaster and updated 6/15/2011, predicts a bumpy economic road ahead. The current inflation rate, currently at 3.57 percent, is predicted to reach 6 percent in the next 12 months, with a worst-case scenario of 8 percent. (<http://fintrend.com/ftf/mip.asp>)

Inflation is caused by government: The Congress, the President, and the Federal Reserve. Inflation is a “hidden tax” because it steals money and assets from taxpayers in a stealthy manner. With an inflation rate of 6 percent, a family with assets of \$500,000 would see the value of its assets drop \$30,000, to \$470,000. An inflation rate of 8 percent would see the value of the family’s \$500,000 assets drop to \$460,000.

“Inflation is a monetary phenomenon,” said economist Jim Tobin, President of Taxpayers United of America (TUA). “It is caused by massive deficit spending that is made possible by the complicity of the Federal Reserve Board, which creates money out of nothing to fund this deficit spending.”

“To finance its wars and vote-buying social programs, the federal government sells billions of dollars of securities,” said Tobin, who was an international-banking examiner for the Federal Reserve System for nine years. “The Federal Reserve Board literally creates money out of thin air, and is the only entity that can do so legally. It then uses this created money to buy the government’s securities to finance the federal deficit. In other words, the Fed is complicit in the deficit spending and military misadventures of the federal government.”

“Hopefully the newly-elected members of Congress will have the backbone to hold the line on the federal debt-ceiling, and resist any efforts to raise federal taxes. Hard-working Americans should be able to keep more of what they earn and also not have to worry about the hidden tax of inflation.”

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