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**United States Citizen
Inflation Combat Guide**

Scott Liddicoat

1 Why Inflation Now

Why such oppressive inflation appeared now.

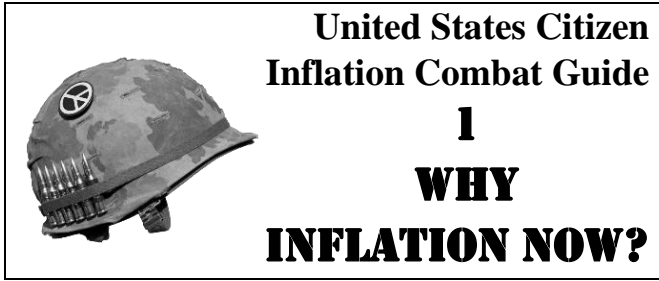
2 The Peculiar Institution

How inflation is created and its terrible effects.

3 The Great Reset

How we defeat systemic inflation.





We should give the government credit for a change. This time, they altered the definition of inflation before inflation really hit the news cycle. This is unlike their recently changed definitions for “vaccine” and “vaccination.” Those definitions changed after the pandemic was well underway.

But here we’ll use the old-school definition of inflation instead of the government’s. It’s a definition that lasted for a few hundred years. It’s a definition that permits us to understand the causes and effects of inflation. Most important, it’s a definition of inflation that enables us to make reasonable predictions of future events. Then we can check to see if our predictions followed. That’s a trademark of good science. This definition will help us answer the question *Why Inflation Now?* And by extension, why not before? The answers are easy, and it’s all in the definition.

Before getting to the definition, let’s quickly acknowledge that we’ve had continuous, chronic inflation for decades. It’s robbed you of roughly 3% of your income every year for forty years. So when I pose the question *Why Inflation Now?*, I’m talking about the kind of crushing inflation that takes your breath away. It takes your money away too, in large percentages. More than 10% of your income has been taken away from you this year through inflation. It’s been taken away from everyone else too, including the poor.

So *Why (such oppressive) Inflation Now?* It’s all in the definition. *Inflation is an increase in the supply of money without a corresponding increase in goods and services. This causes a decrease in the value of money resulting in a general increase in prices.*

Government has been increasing the supply of money circulating in the economy for more than five decades without letup. It’s called deficit spending. Every deficit dollar harms the economy. However, they haven’t been

able to cripple the economy with deficit spending until now. This is partly because freely enterprising American businesses compete to keep their prices down. But it’s more—much more—because of the incredible vitality of free enterprise. Freely enterprising businesses have always managed to increase the supply of goods and services going into the economy. They’ve done this despite a plague of unrelenting deficit spending.

However, massive deficit spending during the last few years while our economy was handcuffed and shut down changed everything. Suddenly a dynamic free enterprise system was prevented from increasing the supply of goods and services going into the economy. At the same time, the economy was flooded with deficit dollars in record numbers. How much deficit spending? Close to \$6 trillion in the last two years. More deficit spending in that time than income tax collections!

There were plenty of people predicting that inflation—and not little inflation, but big time, take your breath away inflation—would result from this. And that it would happen quickly. You probably never heard them at the time because they were ignored by the media. Are you surprised?

So *Why (such oppressive) Inflation Now?* When you throw \$6 trillion deficit dollars into the economy at the same time you’ve prevented the economy from expanding, it’s guaranteed to happen. That’s. Why. Now.

There are no excuses for any level of inflation, large or small. Period. But now it’s easier than ever for everyone to pin responsibility for this oppressive round of inflation exactly where it belongs.

It’s all on the government.

Most of the material here was first published in the
Tax Times
newsletter of the
Brown County Taxpayers Association



At this critical moment in time, there's no more critical issue for every American to understand than deficit spending and its unwelcome companion, inflation. It's not an easy subject to grasp. But here deficit spending and the inflation that results will be unwrapped and revealed in a straightforward, accurate way. You'll come to understand why I call this *The Peculiar Institution* of our day.

Creating Money from N-O-T-H-I-N-G

Back in the day, slavery was called *The Peculiar Institution*. The Peculiar Institution of our time is deficit spending—the creation of money from n-o-t-h-i-n-g by government.

It is a peculiar institution because so few people understand how the destructive process of creating deficit money works. John Maynard Keynes, the father of deficit spending wrote:

“There is no subtler, no surer means of overturning the existing basis of society than to debauch [meaning to corrupt or debase] 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 can diagnose.”

As we unwrap and reveal the subject of deficit spending, you'll understand why Keynes made that statement. You'll agree, government creation of money through deficit spending is a very peculiar institution. But more than that, you'll come to see that deficit spending is the peculiar institution of our day.

The peculiar institution of slavery centered on the belief that some people by birth or by nature are superior to others. Deficit spending is grounded in a similar conviction. By birth or by nature, privileged politicians, elite bureaucrats, and celebrity experts are better suited to understand and run the supply of money and the economy than you, or I, or any other ordinary citizen.

Following that conviction, they've given themselves the authority to reach deep into our pockets for money they can't get through taxation. In doing so, they've seized much of the power to decide who prospers and who fails in our system of free enterprise. Taken away is influence and authority that used to be ours as consumers, investors, and citizens. Political aristocrats now exercise that control through an economic system of government directed enterprise made possible by money creation and deficit spending.

What's more, deficit spending inflicts terrible, systemic injustices on every person who lives in poverty. The poorest in our communities are victimized most. And just like slavery, the oppression they suffer is inescapable.

But deficit money creation is the peculiar institution of our age for yet another reason. That's because of the tortured reasoning and institutional fervor with which our modern day political aristocracy seeks to perpetuate it. Like the peculiar institution of slavery, this practice must not be touched or even questioned. On the contrary, our rulers insist deficit spending must be revered and even worshipped.

Peculiar or otherwise, most of those who object to deficit spending have it wrong. They warn that “we're leaving all of this debt to our children.” But the White House Office of Management and Budget shows we've run deficits fifty eight of the last sixty years. Fifty eight of the last sixty years! After six decades it's pretty obvious. Politicians have no intention of paying off the debt, even in the good years. Later, I'll review the consequences our children will suffer. But paying off the debt isn't one of them.

Creating Dollars and the Inflation Tax

The Washington aristocracy knows it cannot tax us through legitimate means to pay for all of the power they want. We'd rebel against having that kind of money taken from what we earn. But they still have on the spot access to the cash they want through the peculiar institution of printing money. Of course today's equivalent of printing money is digital money creation. Input the desired numbers into the right computer, hit enter, and the money is instantly created from...from...n-o-t-h-i-n-g. Instantly, the deficit for the year is increased, and likewise the national debt. Almost as instantly, the problems begin.

As government money created from nothing is spent and pushed into the economy, its value, its purchasing power, goes down. Whenever the supply of dollars increases while the quantity of consumer goods remains the same, the value of money always decreases. Every economist knows this. It's why counterfeiting is such a serious crime. When money's value goes down, businesses must raise prices on the things they produce and sell to keep up. Caused by money creation, this is inflation. It's what Keynes called "debauching the currency."

Government creates money, spends it, and gets the benefit. Prices go up and we get the resulting burden. That's why many people call it an "inflation tax." But inflation doesn't hit everyone equally. For the rich, it's merely an annoyance. For those in the middle, perhaps it requires longer hours or a second job. But for anyone who cannot increase their income, inflation causes terrible economic violence. That's the unemployed, retirees on fixed incomes, the helpless, the luckless. In other words, the poor. They struggle to pay for, or can't pay for the higher priced necessities of life. Food. Housing. Energy. Transportation. Health care. All of this harm is forced upon every American by the peculiar institution of government deficit money creation.

If That Wasn't Bad Enough

But the story of the peculiar institution gets worse. It isn't just government that creates money and swamps the economy with it. Banks get to do it too. Through government legislation, banks are allowed to create up to nine times—nine times!—the amount of money they have on deposit. Here's how it works.

You happily deposit your \$1000 dollar federal stimulus check in the bank. Automatically the bank creates \$9000 more in its computers and loans it out. It's called 10% fractional reserve banking. When the loan money created from nothing is spent and pushed into the economy, once again the value of money, its purchasing power, goes down. Remember, the value of money decreases when more money is available to pay for the same amount of goods. Remember who is hurt the most in this inflationary process. That's right—the poor. They struggle to pay for, or can't pay for the higher priced necessities of life.

Big banks and government causing all this harm. Are you surprised?

And before moving on, it should be clearly noted that the monopoly right to create money from nothing is

reserved only for the political and banking classes. We The People are not granted the same right. Don't believe me? Try spending money you've created on your own.

Of Course, A Complicit Media

You'll never read or hear that prices rise because our supply of money has been increased. Our politically domesticated media reports that inflation is a general increase in the prices of things you buy. This is the newly restyled definition of inflation.

This kind of reporting gives the political class the cover they need to blame businesses and free enterprise for the problems that result. The truth is businesses are constantly fighting to supply products and keep their prices down. You and I buy somewhere else if they don't. Freely enterprising businesses are the last ones holding the line on prices against the ocean of money created by government and the banks.

Does this mean that most politicians and the media are just lazy or stupid on the topic of deficit money creation? The answer is neither. It's their job to be truthful on the issues, no matter how political, no matter how complicated or dull the chain of reasoning needed to follow them may be. There are no excuses for dishonesty.

Inflation isn't rising prices. *Prices rise because of inflation*—the creation of money from n-o-t-h-i-n-g by government and the banks.

The Consequences In Short

Now that you know all of this, it's easy to understand the destructiveness of the peculiar institution.

First and worst, creating fraudulent dollars redistributes wealth. Politicians and banks become wealthier and more powerful on the backs of the poor. True to form, politicians then use the economic violence they caused as an excuse to create even more money to "help the poor." But it's the poor they systemically oppress with every dollar they print.

Since (compared with taxation) politicians can create deficit money with relative ease, it promotes government overreach. Politicians don't have to set priorities, make hard choices, respect budgetary limits, or even constitutional boundaries to their authority. Deficit money is always available for never-ending wars on crime, poverty, drugs, terror, etc. Then money of

course for war, usually entered into without proper concern for its consequences—monetary or otherwise.

With printed money, government also finds it easy to be wasteful, and to fund the inefficient and unwanted. They also fund their cronies, the fraudulent, and even the corrupt. Government places money into enterprises where private citizens and investors would never freely spend or invest.

And government never shrinks, especially when it should. Government creates money and floods the economy with it. Then fractional reserve banking does its part to inflate the bubble. Eventually, the bubble breaks and the economy shrinks. But during the time when businesses must downsize, government prints even more money and upsizes. With the exclusive right to create money, the federal government and the banks never, ever shrink. They always expand.

Finally, our children and grandchildren will suffer consequences. By now you know that paying back the debt isn't one of them. However, our children will have to pay ever-increasing interest on the debt with increased taxes. This increased debt service will reduce their ability to pay for legitimate government needs.

But worse—far worse—future generations will inherit a much poorer, much weaker second-world economy of government directed “investments” and wants. A government directed economy crowds out real spending and investments in productive factories and enterprises focused on We The People and our free choices in a free market.

All of this economic distortion and wreckage—every big and little bit of it—caused by the political aristocracy creating money from...n-o-t-h-i-n-g.

We The People or We The Government?

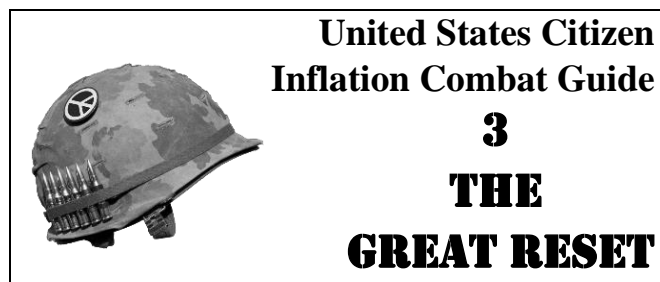
So, how do we defeat the peculiar institution?

In my next writing, titled *The Great Reset*, I'll detail appropriate steps that must be taken to stop the insidious process of deficit money creation. Two principles will guide us through *The Great Reset*.

The first is the hardest to accept. *Do not shrink from the truth you've just learned. Few people want to acknowledge such systemic oppression and injustice.* This is especially true when we learn it is practiced by our own government. *Awakened to it, we must own the truth.*

Second, *once we own the truth, we must act on it. What shape our actions take depends on who we are, our circumstances, and our conscience. But act we must.* I'll provide you with specific, actionable ideas in *The Great Reset*.

In 1968, Dr. Martin Luther King said, “The arc of the moral universe is long, but it bends toward justice.” It's only in accepting, honoring, and acting on what is true that we can achieve and share justice—economic justice and moral justice—for everyone.



Call it deficit spending. Call it inflation. Call it money creation. In *The Peculiar Institution* I described how the federal government creates money from n-o-t-h-i-n-g, and the effects of this routine, destructive practice by the political class.

In *The Great Reset*, I'll follow up, providing specific solutions to defeat this terrible, generational problem. To defeat deficit spending will require extraordinary resolve. But the result? Replacing monetary government oppression with a Great Reset of economic and moral justice for every American.

Understand the Scope of the Problem

To do away with deficit spending—*The Peculiar Institution*—the enormous scope of the tragedy must first be acknowledged.

Deficit money creation has placed Americans \$30,000,000,000,000 (\$30 trillion) in debt to date. The political aristocracy has deficit spent 58 out of the last 60 years. More than \$29 trillion of our debt has been created in that time. More than \$12 trillion has been run up in the last ten years. Almost \$7 trillion of that since 2020. That's \$8 billion created from n-o-t-h-i-n-g, day after day for the last 2 years. This crisis is structural in two ways.

It's structural because deficit spending is simply the way the politicians have grown to think and do business. But it's also structural because there's currently no other

way to pay the bills. American tax collections for this year are expected to be about \$3.5 trillion. Of that, \$2.5 trillion is spoken for in mandatory outlays, primarily Social Security and Medicare. That leaves roughly \$1 trillion for discretionary spending. Military spending will take $\frac{3}{4}$ of that.

In the end, only about \$250 billion will be left for politicians to spend on everything else for the rest of the entire year and still remain within budget. With all the crises they'll create and the new initiatives and programs they want, they'll go way over budget. They'll deficit spend even if a good economy brings in unexpectedly high tax revenues. That's the textbook definition of "structural deficit." Every year Washington political elites give us the picture definition to put next to it in the book.

This is the Hardest Thing

How do we overcome deficit money creation? The first principle I expressed in *The Peculiar Institution* is so vital, but so hard for most people to accept. *"Do not shrink from the truth you've just learned. Few people want to acknowledge such systemic oppression and injustice. Awakened to it, we must own the truth."*

This is terribly challenging to do in the face of an army of "experts" with direct access to a complicit media. In the face of people who scream that to do anything about deficit spending is intolerant and hateful. In the face of ordinary conversation that accepts the destructive practice of deficit spending without examination or reason. In the face of all this, trust the truth and your common sense. Deficit spending is unjust. It is wrong.

The political aristocracy is powerfully motivated to see the peculiar institution continued. But look at their record. Remember 2007 and 2008? Remember when they told us there was no housing bubble or financial crisis, even after these events were well underway? Remember just a few months ago when inflation was "transitory?" With the most extensive financial resources on the planet, they've been regularly and spectacularly wrong.

Finally, politicians always disregard the horrible injustices their deficit money creation inflict on everyone, but especially the poor. To the political class those injustices simply aren't worth their trouble, so we don't hear about them in the media.

Trust yourself. The politicians and experts have no better reasoning powers than you or I. They aren't made of uncommon human material, and they certainly don't have angel wings. They are powerfully motivated to see the oppressive practice of deficit spending—the peculiar institution—increased and expanded.

They'll Never Do It On Their Own

It's vital to concede that the political aristocracy won't stop creating money on its own. Special blue ribbon budget panels and commissions have never worked. The balanced budget amendment didn't go anywhere. Three waves of (so called) conservatism (Reagan Revolution, Contract With America, Tea Party) have come and gone. Sorrowful political speeches about the debt are useless. Deficit spending is worse than ever.

It's clear, the political class won't stop overspending on its own. Creating deficit dollars is far easier than taxing us for the status and power they crave. They'll have to be forced to stop.

The Issue that Keeps On Giving

Acknowledging, owning, and conceding have now brought us to engaging. To engage the single issue of deficit money creation is to engage thousands of issues that matter to you.

Everything government does must be paid for. That statement is so obvious but so crucial to combating inflation, I'll ask you to read it again—with emphasis. Everything government does must be paid for. It's for just this reason that we must become single issue voters on deficit spending. Single issue politics is usually regarded as unrealistic. But in this case, every federal government issue is combined in this one. Without deficit money support most offensive government problems will just disappear.

Want more freedom? Want less government? Want politicians to have to choose needs over wants? Want a government that must offload much of its inefficient and cowardly bureaucracy? Make it clear. You won't vote for politicians who are complicit in this destructive practice. You want the federal budget balanced, and that means no spending beyond taxes collected. You're voting on this issue and one of two things is coming to an end—deficit spending or my vote for you.

Incentivize Them

You own a business and one of your employees has overspent their budget 58 out of the last 60 years. Way overspent. What would you do?

Sadly, politicians can only be fired at election time. Elected replacements persistently fail to meet their advertising claims. Let your candidates and elected officials know that from now on these are your expectations whenever the budget isn't balanced.

All expenses are economy for them and their legislative staff. This means covered expenses will be reimbursed at the General Services Administration rate. Commercial travel. Economy lodging. Modest meals. And for obvious reasons, no one else may pay expenses on their behalf. No exceptions. These conditions are only sensible and reasonable for compulsive spenders. They can also be agreed to voluntarily before being introduced as legislation.

In addition, inform political candidates and officials you expect them to sponsor legislation to cut their salary and benefits in half in any year spending exceeds tax revenue. Staff too. In the interim, this should be agreed to voluntarily. And why shouldn't it be agreed to voluntarily? When politicians can't operate within their means they certainly shouldn't be adding zeros to their net worth. This is especially true when their wealth and celebrity is built upon the inflation their deficit dollar creation inflicts upon every ordinary American.

Smarter, Angrier, or Both

The political aristocracy depends on us to be innocent, ignorant, or submissive. We have to get a lot smarter. Angrier too. Here are just a few examples.

Political aristocrats tell us one of the best ways to balance the budget is to boost corporate taxes. Increases in corporate taxes are simply passed on to consumers in the form of higher prices. Corporate taxes just become sales taxes paid by you and me.

Federal block grants are simply absurd. Every year, billions in federal tax payments are collected from the states. Then they're sent back to the states in questionable grants used to buy political patronage. Of course, grant administration costs are subtracted before the money is returned, even though accountability is minimal.

The Green New Deal and its policies are far from settled [*sic*] science. Yet our political aristocracy stands ready to pledge trillions in deficit dollars year after year to combat it. And while they condemn fossil fuels, it hasn't kept them from continuing to bankroll their pals in those industries with hundreds of billions in deficit financed support. Of course, no government proposal will ever permit free markets and free enterprise to resolve issues like this in a way that benefits everyone.

Federal stimulus payments made from deficit money are just senseless and irresponsible. Any short run gain is quickly surpassed by the increased inflation they cause. Everyone is harmed, but especially the poor, even if they receive a stimulus payment directly.

These examples (and many more) are politically manipulative, unjust, and shameful. We must recognize this kind of deceit and alert others to it. We need to pay attention to the names of politicians who support schemes like these and vote them out. Most important, we must be audibly angry with our rulers about stopping deficit injustice before it becomes law.

Spending and Legislation Made Open and Clear

Clear citizen oversight of legislation and spending is required to bring the political aristocracy to heel on deficit money creation.

Every dollar of federal spending must be tracked in real time. Any entity spending money traceable to a federal government funding source must post this information in real time to a single, publicly accessible location. It must be broken down by legislative provision, federal account number, and what the money was spent on—transaction by individual transaction. All spending must be traceable to a federal department and a specific, approved spending authority. The ruling class must be forced to publicly account for every federal dollar spent, where the money came from, and how it's being accounted for.

Reform of the legislative process is even more vital. From beginning draft, all potential legislation must be updated and available for public review in real time on the internet. Before legislation leaves committee and is reported to the floor, it must be open for public review and comment for a minimum of ten days. After this time, committee members may mark up the bill further, subject to another ten day public review.

Upon reaching the floor, legislation may not be voted on without another minimum of 10 days for public review. After this time, proposed legislation may be reopened for discussion, debate, and change, and then subject to another ten day review. In other words, there will be no more late night changes, followed by an early morning vote, followed by a recess, followed by moving on to the next crisis the politicians have endorsed for the news cycle.

These provisions are reasonable in a modern representative republic. They're necessary to compel deliberate, responsible spending behavior from our rulers.

There's Always Solution Z

Of course, the preferred solution for many is approval, ignorance, apathy, or continuing to let RINO's be RINO's. In other words, don't touch the peculiar institution. Continue to give the political aristocracy power and influence at our expense through deficit money creation. If this solution prevails, most of us will be living witnesses to yet another repeat in the history of tyranny. The creation of fraudulent money will ultimately have its way with us. As always, it unleashes forces it cannot control.

In fits and spurts our economy may descend into second-world status. Our current high inflation, shortages, social chaos, and incompetent government suggest we're on this path. We may ultimately suffer a currency collapse, the scourge of hyperinflation, or some other widespread economic breakdown. All of these possibilities (and more) are in play as our rulers create more, and more, and more, and more money from...from...n-o-t-h-i-n-g.

An Extraordinary Reset

In *The Great Reset* I've provided specific remedies to deficit money creation by the political class. Each of these remedies fall under the second key principle I expressed in *The Peculiar Institution*. "Once we own the truth, we must act on it. What shape our actions take depends on who we are, our circumstances, and our conscience. But act we must."

I've chosen to act by making this issue simple and clear for myself and extending that clarity to you and others. I'm reaching out to those running for, and currently occupying federal offices I can influence with my vote. The terms for my support and vote are the terms I've

described here in *The Great Reset*. If they don't agree to them, they won't get my vote.

You've learned that deficit money creation by the political aristocracy is the most deeply rooted, destructive problem of our time. But solution Z doesn't have to be the future for you and your loved ones. Engage on the issue. Become smarter on it. Educate others. Get angry about it. Make the terms of your vote clear to those in and seeking power. Then...follow through.

During a different American crisis, Thomas Paine wrote words that are just as relevant today as they were in 1777. "Those who expect to reap the blessings of freedom must, like men, undergo the fatigue of supporting it." The actions you take—your "fatigue"—will bring about the end of the peculiar institution. And that will bring about a great reset of economic freedom and moral justice for America.



Who is this Liddicoat guy with the sauce to write about inflation?

A long time high school teacher who is semi-retired, I also have a long time interest in inflation. What's more, I possess the best qualifications to understand and write about inflation. I am not an "expert."

I have experience, though. Inflation undercut me while I was in college. A one income family for the last forty years, my wife and I had to overcome chronic inflation and navigate several economic bubbles. We are in great shape for a secure retirement now. But inflation is a major threat to us once again. It's a major threat to you, too.

As a teacher I constantly worked to fulfill my vocational mission—"to develop within my students the critical thinking skills upon which a responsible, independent, and productive life is built, for such a life is the basis of a free and just society."

I sincerely hope you have found—or will find—similar value in what's written here.

—Scott Liddicoat