

THE INFLATION DISEASE IS FAR FROM BEING CURED

By Gareth Seward ([Facebook](#), [Twitter](#))



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If like myself you ignore most of the mainstream media, you have probably still noticed shopping for your weekly groceries is getting more expensive. However, if you're on social media you probably won't have escaped posts blaming the rise in the cost of living due to "capitalism", and certain factions actually claiming inflation is... a good thing? Both notions are completely wrong to the point of total absurdity.

First, inflation is nothing to do with capitalism and everything to do with state intervention. It is a wide misconception that inflation is caused by an increase in prices. Rising prices are an *effect* of inflation, not the cause. Inflation is simply the purchasing power of your currency getting weaker. As such, it takes more of it to purchase stuff. It simply gets devalued when you increase the money supply; the more there is of something, the less it's worth. To illustrate this point, take Adam Smith's famous water/diamond paradox; water is far more valuable to human life than an inanimate carbon rock. However, despite this you'll pay pennies for water but thousands for a diamond. Why? Because water is abundant and diamonds are far, far scarcer. See how it works? Well, that principle also applies to the supply of money. Whether

it's the Bank of England buying government bonds with freshly printed money, banks granted legal privilege to create credit out of thin air or just being trigger happy with the printing press, it all adds to the money supply.

Our government are keen to blame much of the rapidly increasing inflation on COVID-19. No virus has ever caused inflation, but our government's reaction certainly contributed to it. Make no mistake though, while lockdowns, bailouts and restrictions seriously harmed the economy, it's very disingenuous to claim these as the root of the current situation. Our economy was smoke and mirrors long before COVID, and that illusion was balancing on a razor thin wire. Basically, we couldn't afford for any rainy days to happen. Then along came a rainy day.

Decades of suppressed interest rates and credit expansion have been bubbling away and was always going to lead us to this point. It's coming to a head now because the government's panic and hysteria over COVID has simply accelerated things. The unprecedented levels of money printing and government-imposed lockdowns that have choked industries and caused supply chain bottlenecks are what have brought the cost of living rises to current prominence.

The Resolution Foundation estimates [the average household is going to feel the pinch to the extent of an extra £1,200 this year](#). However, it's not only inflation which is seeing the cost of living rise, but also those broken promises made in the Conservative's manifesto. We're seeing direct tax increases and subtle sleight of hand to increase the tax burden. National Insurance is effectively going up by 1.25 percentage points and the frozen income tax threshold means more people will pay higher rates (and let's not forget inflation itself is an insidious stealth tax).

Of course, there is the energy price crisis too which will weigh heavily on consumers, hammering them even further in these times of inflation and increased taxation. The government is not entirely blameless here either, as their obsessive net-zero green policies and political manoeuvring, such as heavily regulating the North Sea, banning fracking, and effectively restricting domestic gas in favour of relying on foreign supplies are all factors in the costs. Rising energy costs will also increase total costs across the board – as anything that is produced requires energy to produce it in the first place. The ovens that bake your bread will use gas or electric. So this will be reflected in your weekly shopping bill also. That extra £1,200 is a steep price to be paid by many already hard-up families just to not steal Greta's "dreams and childhood".

As for the astonishing spin that inflation might be a good thing, no it most certainly isn't. Correction, it IS good for government but bad for the ordinary folk. Inflation is a stealth tax that transfers wealth from the average person over to the rich and politically connected, and it hurts nobody more so than the poor and vulnerable who see their pounds effectively diminished to pennies.

Whilst inflation hurts savings, pensions, and fixed incomes, it actually helps borrowers – and there's no bigger borrower than government. Not only does it inflate the value of any existing assets already owned, but high inflation combined with those artificially low interest rates significantly devalues all that government debt too. The Institute of International Finance reports that global debt is now over \$300 trillion - more than three times global GDP. The UK national debt alone is officially estimated to be £2.5 trillion. However, that figure is likely to be far short of what it truly is, as it doesn't account for government liabilities and commitments, such as state and public pensions. It's a LOT of money to owe, so the higher the inflation and lower the interest rate, the better – cost of living for the peasants be damned.

All the free money wasn't so free after all, was it? It never was and it never will be. Now that our pockets are about to be hit hard, in summary, the state's meddling has cost us big.

The interest rates do need to rise. The problem is the state has allowed suppressed rates for too long, and we're at the stage now that if it increases to where it should be in one jump, it will obliterate the economy. So it needs to be done incrementally. It will be painful, but if we allowed the pain a lot earlier, it would have been much less severe. We need to cut taxation too. By reducing taxes, you will increase productivity and employment – and productivity is the true wealth of an economy. It will also reduce the strain on a public already suffering the consequences of a financially irresponsible state. Deregulation and the removal of bureaucratic red tape will remove many barriers that limit or prevent smaller businesses from flourishing, thus also increasing productivity. We also need to tighten up both monetary and fiscal policy. Cut government spending, and crucially, STOP printing money!



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Gareth Seward is the author of *Why It All Goes Wrong!*, a beginner's guide to booms, busts and the Austrian Business Cycle theory. It is [available directly from CaaB Publishing](#) and other suppliers.

CAN ANYTHING SURVIVE THE HELP OF THE COUNCIL?

By Mike Swadling ([Website](#), [Facebook](#), [Twitter](#), [YouTube](#), [Gettr](#))

Ronald Reagan famously said that "the nine most terrifying words in the English language are, 'I'm from the government and I'm here to help'". Maybe you can, but I don't recall a situation when I've thought "if only the council could get involved, things would be so much better". I also can't think of a government service that has impressed me more than a service that I've received from a for-profit or volunteer organisation. This also seems to be true for Croydon's famous Surrey Street Market. Trading under charter since 1276, the market has survived plague, civil war, and the Blitz. The real question today is can it survive the 'helping' hand of government.



Source: Bernard Gagnon, [Wikimedia \(CC BY-SA 3.0\)](#)

In 2018, [I wrote in the Croydon Citizen](#) about how the council had extended the market to Sundays but had stopped the weekday traders from moving to seven-day trading. In 2017, the market was moved for ten weeks for resurfacing work which included [street art installations costing £1.1 million](#). What did these changes and new spending bring? In the period 2016-2018, permanent traders fell twenty-one per cent to twenty three, and casual traders fell twenty-four per cent to nineteen. That's £91,666 of council taxpayers' money spent per trader lost. I'm reminded again of the nine most terrifying words in the English language. This was after several years of stability in the numbers of traders.

During lockdown we have seen Croydon Council declare de facto bankruptcy, [with the issuing of a Section 114 notice](#), thanks in no small part to unnecessary spending such as we saw in Surrey Street. Now the market has reopened, the number of traders has fallen further to just seventeen permanent traders and eight casual traders. Even prior to lockdown, many things contributed to the fall in traders in the market. New shopping habits, changing work patterns and the changing population of central Croydon are among them. Council decisions to change the character of the street, the character of the market, and move them for ten weeks haven't helped.

Now as businesses are struggling post lockdown, to add insult to injury and to help recover their disastrous financial position, Croydon Council are [increasing the daily licence fees for traders by thirty per cent!](#) No doubt the redevelopment of the market was done with the best intentions, by people who felt that the improvements would (naturally) improve things. I'm sure that those who commissioned the changes truly felt that painted stairs and a boy on a wall art installation would make people buy more



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fruit and veg. Success, however, is achieved by doing good, not feeling good. The best way for politicians and government or council officials to help is to sit on their hands and let the traders of the market or entrepreneurs of the town generally make their own decisions. Surrey Street market has existed for over seven hundred years. Let's hope that it can stay free from government help and trade for at least seven hundred more.

WHAT PARTYGATE TELLS US ABOUT THE PANDEMIC

By Christopher J. Wilkinson ([Website](#), [LinkedIn](#), [Facebook](#), [Twitter](#), [Telegram](#), [MeWe](#))

Partygate proves that those with the facts to hand regarding the supposed deadliness of the pandemic were not worried by mixing outdoors at a time when loved ones couldn't visit one another. Partygate furthermore casts serious doubt on the moral credibility of those in attendance; they were content with scaring the public witless while they indulged themselves. Whatever the [media alarmism](#) about transmissibility, fatalities, variants, lockdowns, face masks, social distancing and [the assorted bullshit the populace has been furnished with over the past two years](#), nothing compares to [the blatant double standards now being exposed](#) at the heart of the British government.



Source: James Gatheny, [Wikimedia](#) (Public Domain)

The state of British politics in the early stages of 2022 is both consistent and paradoxical. The public outrage at the Prime Minister's conduct has been [as farcical as the whitewashing of the official inquiry itself](#). The Prime Minister has only one thing to apologise for, and that is [the wrongness of the COVID regulations he and his government imposed](#); the same COVID regulations he didn't believe he was breaching. Political convenience dictates that he both cannot and will not

do so. The collateral is that [the police have been witnessed protecting the state](#) instead of the citizenry. This comes despite [significant judicial victories for those wrongfully punished under the Coronavirus Act](#). To those who believe a change of government would result in a more responsible government, a cursory look into history will provide an unwelcome precedent. In his role as Director of Public Prosecutions within the Crown Prosecution Service, Sir Keir Starmer [acted as a negligent captain in failing to overrule the reviewing lawyer in the 2009 Jimmy Savile case despite the presence of incompetent case-building, reporting inconsistencies and the mishandling of witnesses](#). Few are claiming Sir Keir would have done a better job of handling matters. Despite calls for him to resign, Boris Johnson's position [is fortified by the lack of an obvious successor](#). [His talentless and mostly inexperienced cabinet](#) provide little comfort for future achievements, [particularly regarding Brexit](#). Socially, truth is being lost [in a quagmire of corporate censorship, asymmetric information and publication bias](#).

COVID might as well be remembered as [the apocalypse that never happened](#). However, the great non-event leaves [an insurmountable trail of devastation in its wake](#). The global economy is in turmoil. Economic recovery [is being built on a binge of unrepayable debt](#). Businesses have been closed. Jobs have been lost. Incomes have been destroyed. Prices are on the rise. [Mental health issues continue to soar](#). Domestic violence has increased. Schoolchildren have had their education and development derailed. The elderly have been left alone without company. [Curtain-twitching individuals are keeping communities isolated and apart](#). Based on the data, the [vaccinated population are showing signs of developing immunodeficiency](#). Cancer and heart disease patients have gone without life-saving treatment [as NHS backlogs stretch further and further](#). Loved ones have died alone. Has it really been worth it? Our political masters are on the verge of getting away unpunished. They must not be allowed to do so. If justice is to triumph, we must never forgive and we must never forget. The difference between government and opposition today is as much of an illusion as the lethality of COVID-19, but the trauma we have endured will take far longer to heal than the experience we presently face.