

How the FED Steals Your Life :

The Intel
Hub

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Things are going haywire. Prices are shifting about in erratic and unpredictable ways. Take gas prices, for instance. Here in the Golden State we just paid \$3.87 per gallon for the cheap stuff.

You'd think at that price the economy would be running red hot. But it's not. In fact, according to Business Week, "demand in the U.S. is at its lowest point since 1997."

What this means is demand for gas is at a 15 year low yet the price of gas has increased 8 percent since the end of 2011. How could that be?

Perhaps this has something to do with escalating saber-rattling between U.S. and Iran. Or, maybe, Iran's threats earlier this week to cut oil sales to Europe. Certainly, if war is provoked with Iran oil could quickly spike to \$150 per barrel.

Nonetheless, while potential conflict with Iran could be partly responsible for oil's current push above \$102 per barrel, we think there's something more going on that may be of interest to you...

Monetary Inflation and You

"By a continuing process of inflation, governments can confiscate, secretly and unobserved, an important part of the wealth of their citizens," noted 20th Century English economist John Maynard Keynes nearly 100 years ago.

More than ever the government needs money. Moreover, they need your money. And right now, to get your money, they're inflating the money supply like there's no tomorrow.

Since taking over as Fed Chairman in 2006 Ben Bernanke has tripled Fed's balance sheet while pushing the federal funds rate to near zero. Alone, either one of these policies is mere insanity. Alan Greenspan, Bernanke's predecessor, and a dedicated spendthrift in his own right, was never reckless enough to try either one. Yet Bernanke has implemented them both – in tandem – as a great big monetary experiment.

No doubt, there will be consequences for these policies of mass inflation. On top of that, the ways you can protect your wealth as the government shoves its grubby hands into your savings account are waning...

Ten Year Treasuries are yielding less than 2 percent. Stocks are overbought at the moment. Gold's in its 11th year of an epic bull market...it may go higher, but it's always better to get in early. Plus, Obama's recent budget proposal includes tax increases on dividends. If you can believe it, at this point in the cycle rental properties may be your best bet, if you can deal with tenants.

The point is, we suspect what's resulting in the rise in oil prices is the infinite supply of digital monetary credits being emitted into existence measured against a more finite supply of resource production. Recognizing this simple relationship, and to protect their wealth – since government

bonds don't pay squat – fund managers must take on more risk than they normally would.

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Tom Kloza, chief oil analyst for the Oil Price Information Service, “believes much of the increase is due to speculative money that’s flowed into gasoline futures contracts since the beginning of the year, mostly from hedge funds and large money managers. “We’ve seen about \$11 billion of speculative money come in on the long side of gas futures,’ he says. “Each of the last three weeks we’ve seen a record net long position being taken.”

Oil prices are unique from other commodities because of the dominant impact their price has on the economy. In short, a rise in oil prices, and by extension gas prices, pulls money from the economy. When prices rise too high for the economy to support, the economy cracks...and so do oil markets.

The boom and bust of oil price spikes and crashes from monetary inflation are remarkably disruptive to the economy. High rates of inflation add volatility to financial markets. It encourages speculation and mal-investment, and it makes hedgers and hoarders, just trying to protect their wealth from the ravages of inflation, into malefactors.

But the real malefactors are the clever fellows at the Federal Reserve who, with consent of the Treasury, inflate the money supply and confiscate your property. But that’s not the half of it...

Think of all the days you'd have rather stayed home with your family than schlepping and slogging the day away for money. Think of all the time you spent on the road getting crapped on by clients while your kids were growing up. Think of all the sunny days you missed because you were pounding the phones at the office all day.

For what? So that after paying taxes on it all...the little that’s left over would be inflated away from your bank account?

Remember, money, in addition to being property, also represents time and the sacrifices made to earn it. When the Fed inflates your money away they not only steal your money...they steal your life.

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