

HOW IS THIS INFLATION AFFECTING ME DIRECTLY?

Let's look at the most current example: The Iraq War.

Prior to the war, in 2001, George W. Bush issued a tax rebate of \$300 dollars. With that \$300 in 2001, you could have purchased: A little more than an ounce of gold at \$256/oz. or 13 barrels of crude oil at the \$23/barrel average or 200 gallons of gasoline at the \$1.50/gallon New York State average for July, 2001.

Now in 2008, after seven years of inflationary war spending, President Bush issued a \$600 dollar tax rebate to "stimulate" the economy. The first question should be: where is he getting this money? Answer: more inflation. A better question is: What can you buy with this \$600?

As of the date of this writing, based on commodity prices, with \$600 you can buy... a little more than $\frac{2}{3}$ of an ounce of gold at the current \$865/oz. price, or $\frac{7}{4}$ barrels of oil at the current \$78/barrel price, or 174 gallons of gas at the current \$3.45/gallon New York State average.

With twice as much inflated currency, you can barely buy half as much gold or oil, and you can't buy nearly as much gas. Yet the government claims inflation is only a slight 3.5% per year. The fact is gold has risen by 238%, Oil has risen by 239% and gasoline has risen by 130% since 2001. But what about your income?

All things being equal, these price increases cause all other prices to rise, while your nominal income stays relatively the same or at most increases *just enough* to keep up with

the government's "inflation" numbers. And as the government continues inflating the money supply, prices will rise continuously, until all your dollars aren't "worth a continental."

WHAT CAN YOU DO?

Join us for the "End the Fed" protest on November 22, 2008.

Find like minded individuals at the Campaign for Liberty, and participate in making a real positive difference for the sake of our Republic.

Visit and join these websites:

www.campaignforliberty.com
www.nyccfl.com
ronpaul.meetup.com/50/
www.manhattanlp.org
libertarian.meetup.com/324/
www.operation-liberty.com

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War & Inflation

By Isaiah Matos

<http://operation-liberty.com>
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WAR & INFLATION

A citizen's guide to
War funding.

HOW IS THE COUNTRY PAYING FOR THE WAR?

Isn't it odd that the war effort has cost a half-trillion dollars but our taxes haven't been raised? How is that possible? Who is funding the war?

The answer is simple; YOU ARE!

However indirect, inflation is a form of tax and it is how the federal government steals wealth from the average American to fund military conquest across the globe. Let us examine how this could destroy an economy.

HISTORICALLY, HOW DID AMERICA FUND WARS?

When the Founding Fathers fought the revolutionary war against England, they funded the war by printing Continental Dollars.



The Continentals were not backed by any "hard" money, but began at a ratio of 1:1 gold dollar. Rather than tax the colonist, the Continental Congress printed so much money that by the end of the revolution, the continental dollar was worth 1000:1 gold dollar. This hyperinflation led to a worthless

currency, but taught the Founders a valuable lesson. So valuable they made it part of the constitution:

"No state shall... make anything but gold and silver coin a tender in payment of debts." – Article I, Section 10 U.S. Constitution.

The country remained on the "gold standard" until the Civil War. President Lincoln took the U.S. off of the gold standard, and replaced it with a paper money currency called "greenbacks." The greenbacks caused inflation to rise by 183% during the Civil War, except in California, where the state decided to remain on the gold standard and shun the greenback.



The country swiftly resumed a gold standard after the Civil War due to the massive inflation.

During WWI & WWII, America was on a gold standard and could not inflate the money supply to sustain the effort. In fact, America had to sacrifice as a nation in order to fight these wars. The government had to borrow the money....from you!



The people of the United States made other sacrifices as well. For instance, in 1943, the penny was made of steel, because the copper was needed for munitions. Also, during WWII, phone bills came with a "war tax."

WHAT'S THE DIFFERENCE WITH THE GOVERNMENT BORROWING MY MONEY AND THE GOVERNMENT INFLATING IT?

Well, when the government borrows money from you, directly, it needs your permission to do so. If you disagree with the war, you have a choice to not sponsor the war effort. It also is a visible tax or deduction.

When the government prints money to pay for war, you pay the bills, even though there is no tax. And you pay without even noticing you are paying. In short, inflation is the theft of your wealth by your government.

In general, when there is a certain amount of money in circulation, and the government decides to print more money to pay for things, it decreases the value of the dollars in circulation already. While the government and weapons contractors get the dollars first, the free market responds by raising prices, to coordinate with the new supply of less valuable dollars.

