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## **How to Cure Inflation**

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# How To Cure Inflation

I was biking the other day when I decided to get some soda, and what surprised me the most was that it was \$5.00, while a couple months ago it was only \$3.00! I biked around and checked around at other stores, and it was the same thing! I decided to look into the cause of this, and it turns out this is inflation. Milton Friedman, a renowned economist and statistician, had many thoughts on inflation. He famously said, "Inflation is always and everywhere a monetary phenomenon, in the sense that it is and can be produced only by a more rapid increase in the quantity of money than in output." I agree with this, and he said this five decades ago, with the fundamentals still being applicable today.

The US has had troubles with inflation throughout their history, with the Civil War being a great example. It was late in the civil war, when the North overran a Confederate town where their money printing presses were located. Prior to this, the South had very rapid inflation, sometimes 4% a month! There was a two week period in which the Confederacy had no presses. During this time, inflation came to a halt. After this period, when the Confederacy started printing again, inflation started up again. This shows a key cure to inflation, if we stopped printing money so rapidly, inflation would stop. Pretty simple, right? Well, it's a bit more complicated.

COVID-19 threw the global economy off, with scarcity in our global supply chain, gas prices soaring, and what seemed like an out of control economy. This triggered this latest surge of inflation. Other variables, such as strong consumer demand, government subsidies, strict Chinese lockdowns on manufacturing, pressures on the service sector, and excessive government spending have contributed to this recent surge. The problem is, nowadays, there are many more variables compared to five decades ago.

On top of these variables, we have politicians promising tax breaks, making people think they are getting a break, though in reality, inflation happens, putting people into higher brackets, and they end up paying more! This is called taxation without representation, and is an issue when politics merges with economics.

The most effective way to cure inflation is to stop printing money. Multiple countries, like Japan, have used this method, and after a recession lasting several years, have pushed inflation out of their system. In the US, we have tried to do this several times to no avail, giving us all of the bad consequences with none of the rewards. If the US had the collective willpower

to curb inflation and suffer a recession, then we would not have to worry about inflation, but for now, we still need to.

