

Title: "You are not supposed to know the real inflation rate"- an article from hive business that really hits the nail on the head

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this is largely UK based but will apply to any modern economy i feel - especially all european and western economies. marking as possible dd because it may link to other inflation related DDs in the future- and it may link well with the billionaire boys club parts 7 through 11 -by BadassTrader - this one might be interesting perhaps if for nothing else than to give light to the dd you did where you talk about the "buy, borrow, die" phase of how the rich use the system to borrow against assets that they dont really intend to repay and live a sweet life.

Sauce:

[https://hivebusiness.co.uk/insights/why-youre-not-supposed-to-know-the-real-inflation-rate?utm_source=pocket_mylist](https://hivebusiness.co.uk/insights/why-youre-not-supposed-to-know-the-real-inflation-rate?utm_source=pocket_mylist)

pasted sauce just in case:

February 11, 2021

When Cypher makes his treacherous deal with Agent Smith to betray Morpheus in The Matrix, he says: "I know this steak doesn't exist, I know that when I put it in my mouth the Matrix is telling my brain it's juicy and delicious. After nine years, you know what I realise? Ignorance is bliss." Cypher is not a good guy. But he's human. We all need stories and sometimes we know they aren't wholesome but we indulge anyway. They let us feel OK enough to get on with our lives. When we have a pleasant narrative about who we are and what we're doing here, we hold onto it, understandably.

A narrative like, say, I am a family man and part of that role means providing for my family, and providing means being fiscally responsible, and being responsible means not taking risks. If we spin that out a little further, perhaps not taking risks means agreeing with the status quo. So we arrive, through what is quite a reasonable process of deduction, at a position where we are taking what agents of the status quo (governments, financial institutions, Agent Smith) tell us at face value.

Why should a family man ever want to put himself in opposition to the status quo? Let's take a look and find out. The first point to observe here is that narratives have, ever since humans learned how to spin a yarn, been used to empower and disempower. Control the narrative and you control the world. The first story we hear about money is that it exists independently, as an external object in the world. No. It exists only in our collective imagination, as do corporations, countries and legal systems. Which means it exists only to the extent that we put faith in it. Hence when confidence drains away from a currency and the government that backs it, we see hyper-inflation.

Another story: the instruments that governments and institutions cite when they tell us about money are reliable and used in good faith. No. They are used only so far as they serve the narrative the government wants to push. The government borrowed a record amount in December 2020 — £34.1bn — and the only realistic way it will pay back national debt, which is now nearly 100% of GDP, is by inflating it away. There is no way politicians can admit this because to acknowledge it would make servicing its debt and paying for the public sector, where salaries are linked to the inflation rate, impossible.

Inflation is arguably the most social pernicious route out of mounting debt. It silently redistributes wealth while apparently aiming to "keep things stable for everyone". It transfers wealth from people who rely on salaries to people who live off assets (it has been suggested that a good number to aim for when investing is 10% of your income after tax, and if you invest nothing you are going to be walloped by inflation).

Governments don't want you to know this, but inflation is happening at a rate far higher than the official

story would have it. On its website the Bank of England says inflation has averaged 2% since 1997, when it began controlling the base rate. It says that if inflation goes above its 2% target then it will increase the base rate so people spend less. Actually it only cuts it (from 7.25% in 1997 to 0.1% today). And even when it recognised the official rate of inflation was 3% between 2008 and 2013 it did nothing. Rates remained at the unprecedented low level of 0.5%.

The average cost of private education in Britain rose by 49% in the ten years to 2018 (from £9,579 to £14,289). Type "rises faster than inflation" into Google along with almost anything you can think of buying and you will probably find that it has indeed risen much faster. How much more are you paying on your mortgage in 2021 than you were in 2010? This is the bread and butter of real life. I am paying more than four times as much for a house with the same number of bedrooms. That equates to the equivalent of a 14% inflation rate for my cost of living measured according to my mortgage payments.

Another cost of living that hits people differently, depending on their circumstances and choices, is health insurance. The Association of British Insurers says average premiums rose by nearly 15% for personal health insurance between 2015 and 2019. This rise was probably why the number of people covered dropped by nearly 10% in the same period, during which, incidentally, the government doubled Insurance Premium Tax from 6% to 12%. This rise in health insurance premiums over four years is the equivalent of a 3.5% inflation rate.

Could it be, then, that the rate of inflation isn't actually the rate of inflation? That governments cook the numbers to control the narrative? You may have seen a bit of this with the Covid policies. With money, then, they may under or overemphasise inflation and overstate the veracity of their toolkits like the Consumer Price Index. The Boskin Commission in the US, for example, found that the CPI overstated inflation by 1.3% per year. That is a massive miscalculation. And, for context, the Bank of England's 2% target is an arbitrary number dreamed up in a monetary policy in New Zealand 30 years ago that has become an article of faith among advanced economies despite never being "proven".

You might be forgiven for expecting, as you move up the chain of financial authority, to find more responsibility and accountability. I am afraid, though, that the deeper one looks the more one sees fictions, and increasingly flimsy ones. We are faced with an underlying cynicism and lack of integrity. But most importantly, we need to protect our wealth. If people knew the real rate of inflation was 7%+ it would DESTROY (automod change) the economy. Unlike Cypher, there's no way back from this information. But you can use the forces at work to your advantage. Get in touch if you'd like our support to help build wealth efficiently.

More on this topic another day...

and how does this tie in with GME? it helps unlock the narrative that we are individually playing their own game- identifying how to live off assets. without a stable slave ahem! i mean, labour force, they will have to raise living standards to make sure they can still retain workers. - amongst many other things

ape historian