

Inflation Gone Wild

April 27, 2011 - If you are like most people, you have noticed that prices have been going up fast. There are several factors at work in the economy that are driving this. First, the FED is printing money like it is going out of style. That's causing inflation; which if you measure today the way it was measured during the Carter administration is currently running more than 9%. Then there is the price of oil, which impacts food, electricity, gas and all other transportation costs. In fact, oil prices impact the price we pay for almost everything. Of course, the FED doesn't count energy or food prices in its inflation index. That allows them to hold interest rates down and, for lack of a better term, rob the American public. But if you take a look at the chart below, you'll find the reason for all of your pain. Over the past two years, prices have soared.

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})();
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January 2009

TODAY

% chg.

Avg. retail price/gallon gas in U.S.

\$1.79

\$3.79

111.7%

Gold: London (per troy oz.)

\$853.25

\$1,508.50

76.8%

Corn, No.2 yellow, Central IL

\$3.56

\$6.33

78.1%

Soybeans, No. 1 yellow, IL

\$9.66

\$13.75

42.3%

Sugar, cane, raw, world, lb. fob

\$13.37

\$35.39

164.7%

Real median household income (2008 v 2009)

\$50,112

\$49,777

-0.7%

U.S. money supply, M1, in billions (December)

1,575.1

1,865.7

18.4%

U.S. money supply, M2, in billions (December)

8,310.9

8,871.3

6.7%

National debt, in trillions

\$10.627

\$14.278

34.4%

In the above table, gas and gold prices are current. Other information is from October to December and the situation has only gotten worse, and with news today that Shell Oil is pulling out of Alaska and several other oil companies are pulling out of the Gulf of Mexico, we'll be lucky not to see \$6 per gallon gasoline by summer. And if that isn't bad enough, then consider that House Speaker John Boehner is now considering a proposal to tax oil companies. While many people seem to favor this proposal, the truth is that any tax on them will simply be passed on to consumers at the pump.

So the next time you are wondering why the money you earn doesn't seem to be going as far as it used to, you'll know. The reason is because of inflation and policy decisions on money and oil being made in our nation's capital.

by Jim Malmberg

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