

**“The Manufactured Premise of Inflation :
A Foundational Building Block of Modern Life”**

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Preamble

Inflation is often treated as a natural feature of monetary and economic life—a backdrop condition like weather, persistent and mostly predictable

It is somehow accepted that money should lose value steadily, and that prices should always rise

Yet such a trajectory is not an elemental or economic law; it is actually a manufactured premise

This paper explores the idea that constant positive inflation is a designed component of modern monetary systems, not a neutral byproduct of economic activity

It further explores how this condition distorts behavioural, institutional, and ethical norms across all levels of society

The Illusion of Naturalness

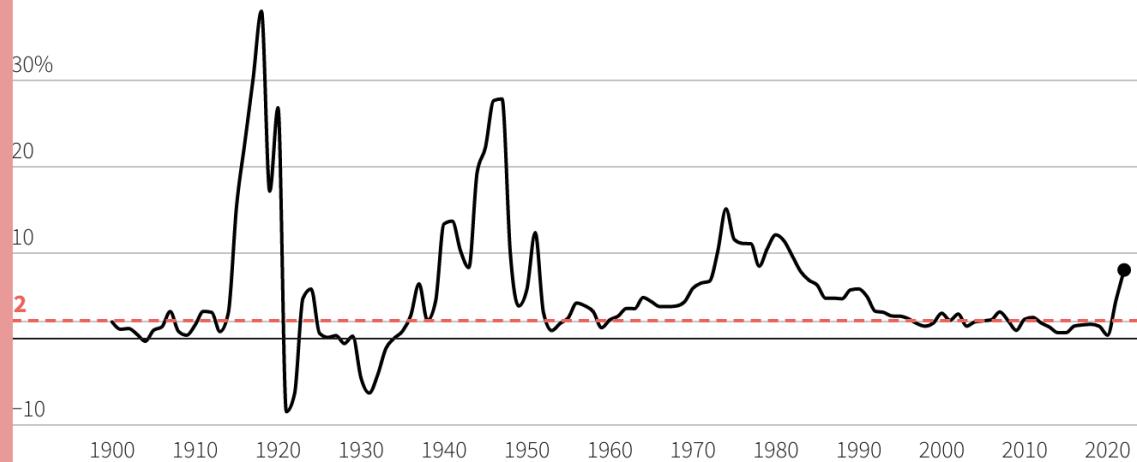
The foundational narratives of modern economics present inflation as both necessary and inevitable: a symptom of growth, a lubricant of spending, and a catalyst for productivity. What is rarely acknowledged is the ideological choice embedded in this framework

Inflation is not a naturally occurring process like erosion or gravity. It is a result of policy, architecture, and incentive

In contrast to the natural world—where growth is followed by rest, decline, and rebirth— inflation presumes linearity: that economic units (prices, wages, outputs) should always increase. This model has no seasonal rhythm, no decay cycle. It operates in defiance of the principle that systems breathe

Talking about deflation leads us to the stories of the Great Depression of the 1920 and 1930s. In a natural system, deflation should be as cyclically present as inflation

Average inflation across developed markets since 1900.



Source: London Business School | Reuters, March 8, 2023 | By Vincent Flaseur

The Psychological and Structural Effects of Perpetual Inflation

Inflation alters baseline expectations. A loaf of bread must cost more tomorrow than today. Housing must appreciate. Wages must rise. But these expectations, once embedded, become compulsions

Individuals and institutions behave not from desire but necessity—not to gain, but to not fall behind

Inflation also recodes the notion of "value." Capital must not sit still. Money must move. Holding cash becomes irresponsible. Saving becomes synonymous with losing. The passive act of preservation is penalised; the active act of allocation is rewarded

This structure remakes the social and moral economy. It demands that everyone be an investor, that everyone absorb risk, that capital be continually deployed not according to preference but survival. The moral neutrality of money (a distilled form of representation of the things we really do genuinely value - like wheat, grain, rice, copper, zinc, oil) is lost

Systemic Dependence on the Inflation Engine

Modern financial systems are built on inflation assumptions. Governments accumulate debt assuming future repayments will be made with devalued currency. Banks generate profit from the spread between nominal rates and inflation. Asset markets inflate on the premise that tomorrow's prices must exceed today's

This creates a systemic dependence: if inflation fails to appear, the structure stutters. Deflation is not simply undesirable; it is existentially threatening. The machinery cannot run backward

The system is supposed to behave in a certain manner : and all our institutions work to that purpose - some inflation, not too much, and growth is good. For a resource that continually grows, there is something eerily unnatural being contemplated. Summer has winter, life has death and night has day. How are we reasonably able to treat our resource-proxy system as the only thing that is supposed to grow in perpetuity (unlike the underlying natural resource and labour that it is meant to represent)? The Author believes that we are not able to do this, though we pretend and let our institutions pretend - the associated decay must manifest in other forms, in keeping with the laws of nature and all known physical laws

Thus, inflation is not merely a side effect of growth; it becomes a precondition for solvency, ie - something that must be happening all the time

Ethical Consequences of Engineered Erosion

When inflation is engineered into the system, ethical tensions arise

A person who wishes merely to preserve purchasing power must now act like a rentier: allocating capital into yield-bearing assets, often with extractive characteristics

This mirrors the position made in another paper, "The Coercion of Capital", where inflation is shown to function as a behavioural force: punishing stillness, compelling risk, and rendering ethical rent structurally unattainable without accumulation

By embedding erosion into the baseline, the system reclassifies moral neutrality as negligence

The Political Theology of Inflation

Inflation carries with it a secular faith: the belief in controlled progress. It promises that tomorrow will always be more expansive than today, and that the state can and should manage this trajectory. It is the economic analogue to the idea of infinite growth

This is a theological commitment more than a practical one. It suspends disbelief in entropy, assumes control over decay, and embeds optimism into public accounting. It is a form of systemic myth-making: inflation as providence. The happiness of growth comes at a cost : the inevitable yang to the ying. The predicament that we have is that we are not able to properly identify and contain the effects of decay given that we tend to live with a myth

Conclusion: Toward Rhythmic Economies

What might it mean to structure an economy around natural cycles, rather than perpetual ascent? To accept stasis, rest, and contraction as not just tolerable but necessary?

Such an economy would not be based on engineered inflation but on alignment with natural rhythms. It would allow for preservation without punishment. It would decouple what we genuinely need to survive from perpetual allocation. It would regard stewardship not as a temporary achievement requiring prior extraction, but as a default position available to all if they chose to live by it (as contemplated in the paper, "The Coercion of Capital")

This is not merely an economic proposition. It is a philosophical one: that systems should breathe, behave and live naturally

Being honest about where this leads us, this appears to be somewhere where we have less money in circulation, the decay ought to be borne by those who have extracted inordinate amounts of wealth in the current system (a form of diminishment/erasure of the amount of their wealth though importantly recognising their achievement by preserving most of their wealth). This appears to be one of the most realistic and practical ways to preserve our societal hierarchy as it currently stands (ie - maintain stability) and materially redistribute wealth amongst humanity. This is not socialism,

this is a natural reconfiguration of the financial and wealth system to keep us aligned with the natural order of things
