



# The Spiritual Antecedents of Inflation

Inflation is, perhaps, the fundamental problem of society and statehood. It's been a curiously consistent and persistent phenomenon of economic history and the bane of empires, both big and small. Whenever and wherever you find human beings organizing together economically, you find inflation. Why is that?

The dictionary defines "inflation" as "a general increase in prices and fall in the purchasing value of money." In other words, inflation is when money itself becomes less valuable. While I'm convinced no one really knows what causes inflation, economists have identified two main possibilities:

- 1. Demand-Pull Inflation**—when the demand for products and services in the economy exceeds the ability to produce them
- 2. Cost-Push Inflation**—when supply issues like commodity or labor shortages force producers to raise prices

And if you want to bore yourself one day you can find all kinds of books and articles from economists arguing back and forth about what the "true" cause of inflation is. On one side, there's the Keynesian school which argues that inflation

is essentially about imbalances between demand and supply. And then on the other side there's Milton Friedman's monetarist school which argues that this is actually about the supply of money itself.

Political scientists and historians have even gotten into the mix. I think this group might actually have a better handle on the situation. At the core of their argument is an insight I think is fundamentally true: inflation is a very convenient solution to the problem of too much debt. You can take on a bunch of debt in today's money (usually for war, infrastructure, or welfare) and then rather than increasing taxes to pay it all back, just engineer a little inflation and voila, problem solved! It's just too tempting. In the old days, when money was actually associated with real things like metal coins, governments would get cute and literally debase their currencies by reducing the amount of silver or gold in their coinage or mix in other metals. Now, while it all sounds much more complicated—quantitative easing, open market operations, reserve requirements—it probably amounts to the same thing.

I have been thinking lately though that all these arguments somehow miss the mark. They are all probably true in a

sense. But just like in the context of physics where while we can see that the universe appears to be constantly expanding (the scientific version of inflation), we don't really understand why. Several months ago, I wrote an article exploring the importance of establishing the right kind of psychological and spiritual relationship with money. In that piece I came to this idea that money itself is a kind of symbolic representation for desire. Armed with that understanding, I started to see that inflation might actually be a manifestation of a spiritual issue.

What do we know about desire? For starters, we know that desire is a fundamental phenomenon of the human condition. It is a sort of default setting—as long as you are alive you are going to go on desiring. We also know that there is a relationship between desire and suffering. We intuitively understand that you cannot just let your desire go unchecked and live a good life. This is what the seven deadly sins are all about. Indeed, much of spirituality is about learning how to properly deal with the problem of desire:

In the Christian tradition it's about prayer, learning how to be content with what you have and focusing your energy on giving rather than receiving.

In the Hindu tradition it's about learning how to overcome desire through devotion, meditation, and selfless service.

In the Buddhist tradition it's about learning how renounce desire through mindfulness, meditation, and right action.

With this lens, the persistent presence of inflation should come as no surprise. Look, desire is a powerful force and spiritual progress difficult. Buddha himself said that if he had to deal with one more problem as strong as that of desire he wouldn't have reached enlightenment. So, the reason inflation keeps manifesting and wreaking havoc in our societies is simply a representation for just how hard it is to deal with desire.

To take our metaphor further: if money is desire, then the economy can be thought of as a kind of ever-evolving desire fulfillment center. By the way, isn't this exactly what it is? And inflation itself can be thought of as a consequence of

our consistent spiritual failure. We just keep wanting more and more and more. And sometimes in the face of all this pressure the genie that is our economy runs out of magic. Regular garden variety inflation—the stuff that shows up in the super long-term charts throughout history—is simply an expression of our on-going spiritual struggles. Inflationary flare-ups, like what we are experiencing today, happen when, for one reason or another, the desire fulfillment center cannot properly handle all the orders coming in. Either it simply cannot produce enough (a true supply problem) or it cannot produce enough of the right things in the right mix at the right time (a production allocation problem).

Supposedly, we moderns have developed a sophisticated tool kit for dealing with inflation. We have interest rate policy, open-market operations, yield-curve control, the strategic petroleum reserve and even rent and other price controls. We have the narrative of the Volker Fed and how they crushed inflation with double-digit short-term interest rates (i.e. what we normally call “usury”). Maybe this stuff works; maybe it doesn't. And right now, there is this big elephant in the room kind of question: given the enormous amount of debt that has built-up in our economy, is raising rates to aggressive levels, really even an option? Won't that just bankrupt the entire world?

Perhaps, there is a much simpler answer to the problem of inflation. What if we took this spiritual stuff seriously for once? What if we could all just check ourselves a bit when it comes to desire? Resist the temptation to click that “buy” button? Oh, I know this is no easy ask. We moderns face an almost impossible situation. Our consciousness is overwhelmed by a constant stream of barraging and manipulating algorithms and messages. The global marketing and sales complex is armed with the technology that allows for pervasive influence on daily life. It's addicting. It's deliberately manipulative. In some sense, we cannot escape it even if we want to. No wonder inflation is becoming such a problem.

Maybe though, if we could all just follow the long-standing advice of spiritual traditions around the world, if we could just learn to overcome desire at least in some small ways each day, we could make a real difference on inflation. Call me crazy but I think there might be something to this idea. □