Beat: Business

INFLATION AND FEAR: WHO COMMANDS?

INFLATION

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USPA NEWS - US AT ReD Magazine Interviewed Ferdinando Lettieri, Private Banker and Financial Consultant, and We Asked Him What He Thought About Inflation. Here's What He Had to Say About It.

INFLATION AND FEAR: WHO COMMANDS?
Inflation and fear: history repeats itself.

It repeats itself particularly if the dynamics that lead to certain behaviors have not been understood.

As often happens, this time I find myself diverging from common thought.

A phenomenon that we experienced twenty years ago is repeating itself.

What memories and feelings does the date "September 11, 2001" evoke in us?

That day in 2001 shocked us! The attack on power caused a strong shock to all of us.

We looked at others with strong distrust, especially if they had skin colors slightly different from ours…

We stopped traveling, stopped flying, and many airlines went bankrupt.

However, even though we recovered from this strong shock, we remained trapped in a state of anxiety about the future.

This anxiety led us to consume and spend as if there were no tomorrow.

The real estate market, but also simply the shopping cart, more than doubled in price.

Coincidentally, during that period, a certain Euro was just born, and after we consumed everything, we were quick to blame him…. And even today we still believe it!

Here we are today, with history repeating itself….

Fear (a lot), shock (a tremendous amount), pandemic, war almost at our doorstep, energy crisis. In short, we haven't missed anything.

The anxiety of twenty years ago has returned. The same anxiety that prevented us from seeing our future.

Once again, we have temporarily stopped traveling, but… we are ready to consume at any price. We have started treating money as if it were Monopoly money: little real value.

This has created a rapid increase in prices.

Prices of everything have risen because demand remained the same, almost ignoring the increases. In reality, there was one product whose price fell because no one was buying it anymore: the memory supplement. In truth, we would have needed it to remind ourselves how much things cost the day before….

Yes, we were willing to buy a good at any price without seeing a future to save for and without paying attention to how much we were spending… almost resigned to being close to the end of the world.

The consumer, even though without inhibitions to purchasing, in these circumstances considers themselves a victim. In reality, they are the cause of their own suffering.

They even blame the European Central Bank. We hear people say, “The ECB must not raise interest rates…. It mustn't!”

On this point too, I express an opinion that is not exactly the most… widespread.

The most important task of the ECB concerns price stability, which is governed precisely by raising and lowering interest rates.

If prices rise too much, interest rates must be raised. In this way, there is less money in circulation, and prices stabilize.

We, in reality, as true masochists, ask the ECB not to increase interest rates (really!).

Using a football metaphor, it’s like asking our defender (the ECB) to give much more space to the opposing attacker (inflation) and even to pass him the ball.

We can’t really do it…

I’m really curious to see who we will blame this time.

Who will be the next scapegoat who passes through those parts and gets labeled as “the infecter”?

The war, the pandemic, grain, gas… I stop here. Anyway…

History, like school, is a teacher of life, and we all have the duty to draw the appropriate lessons from it.

To posterity… alas… “the erroneous” sentence!

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