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New Inflation Stats Vindicate a Bold Prediction

John Greenwood and Steve Hanke got it right.

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Five months ago, John Greenwood and Steve Hanke’s op-ed “[Too Much Money Portends High Inflation](#)” (July 21) made an unusual prediction: They specified a data range and a time. Most prognosticators, trying to make it hard to prove them wrong, are careful not to do both. Messrs. Greenwood and Hanke were bolder. They predicted that “by the end of the year, the year-over-year inflation rate will be at least 6% and possibly as high as 9%.”

Their prediction has turned out to be right on the money. The latest all-items consumer-price index will be the last of 2021, and it reported a year-over-year rate of 6.8%.

The authors’ reasoning was wholeheartedly monetarist, based on what they called an “extraordinary explosion in the monetary supply.” Monetarism’s track record has been spotty, but maybe we are now in an environment where it works pretty well. If so, trouble lies ahead.

Jack Harllee

Washington

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