

INFLATION



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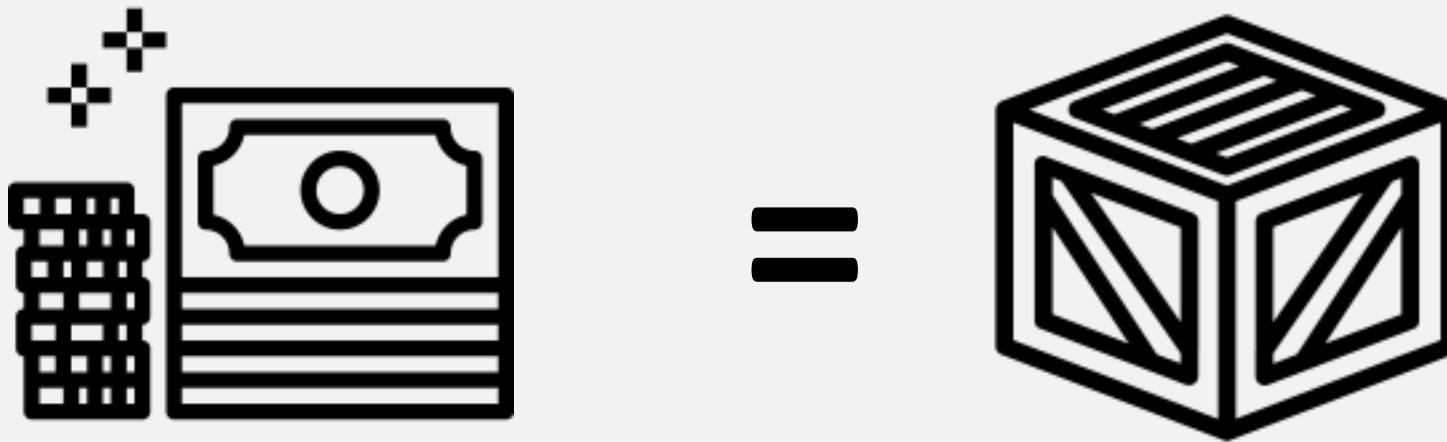
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TABLE OF CONTENT

- Definition
- Inflation in different economic systems
- Causes of inflation
- Types of inflation

DEFINITION

Inflation - a rise in the general price level of goods and services. Gradually, **for the same money you can buy fewer goods** and services. It's means that the purchasing power of money has declined, the money worthless - lost part of their real value.



INFLATION IN DIFFERENT ECONOMIC SYSTEMS

MARKET ECONOMY



inflation is shown in an open form:
price increases

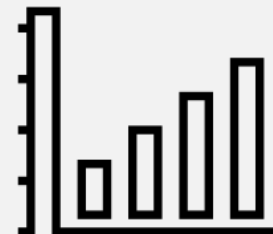
ADMINISTRATIVE-COMMAND ECONOMY



in the form of depressed:
the prices are not rising, but there is a trade deficit.

CAUSES OF INFLATION

- Growth in public spending - money issue.
- Mass unsecured lending currency.
- The monopoly of large companies to determine their own prices and costs of production, especially in the primary industries.
- The monopoly of trade unions, which limits the ability of the market mechanism to determine the acceptable level of the economy wages.
- Reduction of the real volume of national production.
- An increase in state taxes at a stable level of money supply.



TYPES OF INFLATION

Creeping (moderate) inflation



Galloping inflation



Hyperinflation



METHODS OF MEASURING INFLATION

1. Producer Price Index
2. Cost-of-living Index
3. The index of prices of assets
4. GDP Deflator

SOURCE



<https://ru.wikipedia.org/wiki/Инфляци>



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