Methodology of calculating inflation – XII 2022

* What is inflation? Is inflation a natural economic phenomenon beyond imbalance between quantity of money and prices and quantity of goods and services in the economy?
* Is there such a level of inflation which is good for economic growth? If yes, what is it and what does it depend on?
* What is the quantitative relationship between inflation and economic growth?
* At what level is inflation "good" for economic growth? And at what level is it damaging to economic growth?

These are the questions addressed in the paper, not only by giving qualitative reasoning but also by developing a quantitative model.

Other questions which the author is answering using his quantitative model are:
– How can we define equitable share of created wealth?
– What is the equitable share of created wealth between providers of labour and providers of capital?
– Where is the balance between socially-oriented policies and laissez-faire-oriented policies in managing the economy?- Is globalisation only good for rich countries and not that good for poor countries?

And also:
– Who are the winners and losers of adopting the Euro, and why? Are, really, the Greeks losers and are the Germans winners, and why?
– How to make the economy competitive using monetary policy, ie. by targeting inflation at a certain level?
– How to manage development of different industries and economic sectors as a microcosm of monetary policy?

The paper provides the model which not only shows qualitative answers to the questions above. It also shows the structural and quantitative relationship between these questions and presented answers. And there are other issues and questions which may be addressed using the model presented in the paper.

THE PROSPECT OF DONALD TRUMP'S RETURN AND THE INTERESTS OF POLAND

[Appendix 1](#)

[Appendix 3](#)

[Appendix 4](#)