

INFLATION AS A DEMONSTRATION OF MACROECONOMIC INSTABILITY

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Inflation is an increase in the general price of goods and services. It is when, over a period of time, a single amount of money is enough to cover a smaller and smaller number of purchases.

Official inflation in our state is calculated by Belstat, the state service for the collection of statistical information. By comparing current values with previous values, Belstat calculates the rate of growth and assigns an inflation rate. The consumer price index is a weighted average that reflects the adjustment in consumer prices at a given date relative to the period taken as a basis.

The coefficient is calculated separately for different categories of goods and services and a variety of regions. Price statistics are taken from 31 cities in our country. These are Minsk, regional centers, including small and medium-sized cities in our country. In each of them there are several different traders' points, where prices will be monitored.

Then, after collecting and counting the statistics in all cities and each group of goods, everything is added up and Belstat calculates the average inflation rate in Belarus [1].

High inflation is, of course, unhealthy for society. Depreciation of profits reduces the standard of living and discourages financial savings. When the price of goods is not rising or falling, consumers are tempted to postpone their purchases, hoping to buy the product even cheaper with the passage of time. As

a result, production does not make enough money and development is stagnant, and companies are not hiring new employees. Since people are unemployed, they have no money, and so they have to economize even more, which affects the whole economy.

There are many different factors that contribute to rising inflation: excess money supply, falling foreign trade profits, rising production costs, monopoly, heavy taxes, huge demand for goods and negative consumer expectations. A distinction is made between creeping inflation, discontinuous inflation and hyperinflation.

There is also balanced inflation and unbalanced inflation. One must also distinguish between expected and unexpected inflation [2].

Everyone understands that inflation is bad for a country's economy. But if you look on the bright side, this is not always the case. Inflation affects everyone differently. If it is expected, it is within our expected range and does no harm. For example, banks change their interest rates and companies adjust their contract prices in line with the expected rate of inflation. In that case, there are huge problems if inflation is not expected.

It turns out that it is not so easy to determine which inflation causes more harm or benefit. It all depends on the general state of the economy and your personal situation.

References

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