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*本文纯属个人意见，绝不构成任何投资建议，投资者须以个人之投资目标及可承担风险水平作出独立评估。

Inflation and the Unemployment conundrum

Much attention has been devoted by economists to analysing and formulating propositions for eliminating, reducing or lessening the impact of economic instability.

Until recently, the primary focus has been on the sustainment of "full" employment over time in so far as this is possible at the gross expense of delineating appropriate mechanisms aimed at controlling the problem of inflation. Notwithstanding periodic debates and deliberations in intellectual circles, there has been surprisingly little concerted effective planning and negligible far-reaching measures to address this long-term economic problem.

The philosophy of inflation

Inflation refers to the decline of the value of money to acquire goods and services, or an increase in the cost of people's living standards determined by a reduction in real wages or the purchasing power of their income. Its detrimental effects are especially severe for persons on fixed incomes, retired individuals, and creditors with long-term obligations expressed in terms of invariable cash payments reeling from the depreciation in value of their accumulated savings, superannuation benefits and property income. Inflation plunges these distinctive groups, as well as the unemployed who have become unemployed due to the phenomenon, into fragile economic conditions during times in which the capital market is profoundly disrupted, which results in a drastic precipitation of real investment and productivity. Uncertainty caused by inflation leads to noticeable difficulties for governments and businesses in budgeting labour costs and confronting the detrimental effects on industrial relations of recurring distortions in income relativities. Diminished confidence in the economy ensuing from inflation undermines the structural patterns of resources allocation, encouraging business investment in speculative and highly unproductive ventures in antithesis to entrepreneurial projects predisposed to guarantee superior productive value and efficiency in the long-run. This misguided trend promotes an increasing willingness to substitute less liquid assets such as land and industrial shares, whose prices are inclined to appreciate in concomitance with the general level of prices for bank deposits in expectation of higher incomes from dividends or earnings and/or capital gain.

Impact to domestic market

Increased costs in the internal structure measured against the expenditure of production borne by overseas competitors impacts negatively on the economy's international performance, providing foreign businesses with a competitive advantage in the domestic capital market where imported goods and services will be by comparison less expensive. Inflationary expectations result in higher wage demands from employees to compensate for the diminution in their real income, precipitating increases in indirect taxes and interest rates in order to alleviate these anachronistic demand pressures, which reduces the momentum of economic growth.

Where does it come from?

Attributable to a rapid growth in the supply of a nation's currency and credit without a corresponding increase of goods and services, inflation is often deemed the product of an abnormal expansion of credit in connection with unusually high government expenditures. Alternatively, the phenomenon has been regarded as the consequence of excess demand, which outpaces the productive capacity of the economy to meet consumer expectations. Whilst attention is mostly placed on orthodox economic policies and partial indexation of taxation scales, direct controls on incomes and prices to return the rate of increase in wages and other incomes to a rate comparable with stable prices and productivity increases have met with limited success. Incomes and prices policies are viewed with displeasure by economists because of concerns that such measures will artificially undermine the natural allocation or distribution of resources to the detriment of real income and productivity. Moreover, the advantages of competition policies are justified according to economists by the necessity of avoiding unwarranted impositions on wage earners burdened with lagging increases in their incomes and productive sectors of the economy obliged to increase the prices of their goods and services to meet the unpalatable requirements of augmented costs of production.