

Inflation in indonesia

[Economics](#), [Money](#)



Article about Inflation Subject: Economy Submitted: Thursday, 29 November 2012 By: ID: 014201000039 Name: Joseph Amos P President University, Cikarang Baru, Bekasi, Indonesia 2012 Economics is the most important aspect of a country. The reciprocation of a country is seen in terms of economy. Economics also become a benchmark of development and prosperity in a country. Why does the economy become vitally important in a country? The word "economy" you hear about in everyday life and are never separated from our activities. Everything we do from opening the eyes to close my eyes again is inclusive of economic activity.

Someone who is able to manage the economy well, it will be seen by other people because of management's ability. Likewise with a country, a country will be seen by other countries through the economy. So what about the Indonesian economy itself? Definition of Inflation Inflation is the tendency of the general prices for general ascending and continuous or symptoms can also be said of a continued rise in the prices of goods and factors of production general continuously within a certain period. Keep in mind that the increase in the price of one or two items not called inflation.

Causes of Inflation, can be divided into Demand Side Inflation, which is caused by an increase in aggregate demand exceeds aggregate supply increases Supply Side Inflation, which is caused by an increase in aggregate supply exceeds aggregate demand Demand Supply Inflation, inflation is caused by a combination of an increase in aggregate demand which is then followed by an increase in aggregate supply, so prices rise higher into Suppressed Inflation or a cover-up, the inflation at a time will arise and show themselves as the official prices increasingly irrelevant in reality

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Classification of Inflation . Based on the Presence of Severe Inflation Inflation
Lightweight (under 10% a year) Inflation Medium (between 10-30% a year)
Inflation weight (between 50-100% a year) Hyper inflation (over 100% a
year) 2. By The reasons for the beginning of Inflation Inflation demand,
because the demand for various goods too strong Cost Inflation, due to rising
production costs 3. Based on the origin of inflation Domestic Inflation,
inflation stemming from domestic Imported Inflation, Inflation overseas
Impact of Inflation Positive

If inflation is mild, it has a positive effect in terms of stimulating the economy
could be better, which is to increase the national income and get people
excited to work, save and invest. People who rely on income based benefits,
such as employers, are not harmed by the inflation. So it is with employees
who work in companies with payroll following the rate of inflation. For people
who borrow money from the bank (debtor), inflation is beneficial, because
when debt payments to creditors, the value of money are lower than at the
time of borrowing.

Instead, the lender or the lender will lose money because the value of the
refund is lower than at the time of borrowing. For producers, inflation can be
profitable if the income is higher than the increase in production costs. When
this happens, the manufacturers will be forced to double its production
(usually occurs in large employers). Negative Impact of Inflation In the event
of uncontrolled inflation (hyperinflation), the state of the economy went into
chaos and felt sluggish economy.

People become excited about work, savings, or investments and production
as prices rise rapidly. The fixed income earners such as civil servants or
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private employees, and the workers will also be overwhelmed bore and offset the price so that their lives are wasting away and fell from time to time. For people who have a fixed income, inflation is very detrimental. Let's take the example of a retired civil servant in 1990. In 1990, his pension is enough to meet their needs, but in the year 2003-or thirteen years later, the purchasing power of money may only live a half.

That is, retirement is no longer enough money to make ends meet. Inflation also causes people reluctant to save because the value of the currency goes down. Indeed, savings earn interest, but if the inflation rate on the interest, value for money is still declining. If people are reluctant to save money, businesses and the investment will be difficult to develop. Due to growing business needs of the bank's funds earned from savings. Conclusion Indonesia's economy had experienced the ups and downs of the early proclamation to the reform era as it is today.

Various strategies have been adopted by the Ministers of Indonesia's economy in order to build a strong economy. Peak, Indonesia experienced a dramatic decline during the economic crisis that caused the inflation rate rising so rapidly at the end of the New Order era. The unemployment rate increased rapidly causing poverty increased rapidly as well. However, with each passing era into the era of economic reform Indonesia gradually showed improvement. Nurfaidah, R (2010). “Perekonomian Indonesia 2010.” <http://kandankilmu.blogspot.com/search/label/Articles> [Accessed 27 November 2012] Sadli, M (2006). Inflasi dan Pertumbuhan Ekonomi di Indonesia” http://kolom.pacific.net.id/ind/prof_m._sadli/artikel_prof_m._sadli/inflasi_dan_pertumbuhan_ekonomi_di_indonesia.html [Accessed 27 November 2012] <https://assignbuster.com/inflation-in-indonesia/>

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