Two effects of investments undertaken in the field of culture can be distinguished. One of them is the expansion of the regional economic base that comprises an impulse for further development. This development is expressed by improvement of the market and marketing situation of existing commercial entities (e.g. a positive change in a region’s image), improvement in the standard of living of residents (expansion of the cultural infrastructure and increased access to culture) as well as an increase in the number of jobs associated with the investment realization process, and then with the functioning of new elements of a region’s fixed assets.

The second effect results from the stimulating impact of public expenditures by income – demand multipliers. Increasing the income of commercial entities and households, these expenditures stimulated additional demand, which has a large impact on local markets for goods and services.

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COST-PUSH INFLATION VERSUS DEMAND-PULL INFLATION
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Inflation is defined as the rate (%) at which the general price level of goods and services is rising, causing purchasing power to fall. This is different from a rise and fall in the price of a particular good or service. Individual prices rise and fall all the time in a market economy, reflecting consumer choices or preferences and changing costs.

Aggregate supply is the total volume of goods and services produced by an economy at a given price level. When there is a decrease in the aggregate supply of goods and services stemming from an increase in the cost of production, we have cost-push inflation. Cost-push inflation basically means that prices have been “pushed up” by increases in costs of any of the four factors of production (labor, capital, land or entrepreneurship) when companies are already running at full production capacity.

Demand-pull inflation occurs when there is an increase in aggregate demand, categorized by the four sections of the macroeconomy: households, businesses, governments and foreign buyers. When these four sectors concurrently want to purchase more output than the economy can produce, they compete to purchase limited amounts of goods and services.

Demand-pull inflation is a product of an increase in aggregate demand that is faster than the corresponding increase in aggregate supply. When aggregate demand increases without a change in aggregate supply, the ‘quantity supplied’ will increase (given production is not at full capacity).

Inflation is not simply a matter of rising prices. There are endemic and perhaps diverse reasons at the root of inflation. Cost-push inflation is a result of increased costs of production, itself a result of different factors. The increase in aggregate demand causing demand-pull inflation can be the result of many factors, including increases in government spending and depreciation of the local
exchange rate. If an economy identifies what type of inflation is occurring (cost-push or demand-pull), then the economy may be better able to rectify (if necessary) rising prices and the loss of purchasing power.

In the recent past, different economists described many new techniques of measuring economic development.

These methods has emphasized that one should account for all such components that determine welfare of the common masses.

These measures/methods are discussed in detail:

1. Physical Quality Of Life Index (PQLI): In 1979, D. Morris constructed a composite Physical Quality of Life Index (PQLI). He found that most of the indicators were inputs to development process rather than result of the development process. These indicators reflected that economically less developed countries are simply underdeveloped versions of industrialized countries. He therefore, combines three component indicators of Infant Mortality, Life Expectancy and Basic Literacy to measure performance in meeting the basic needs of the people.

2. Human Development Index (HDI): Considering quality of Life Index, the United Nations was the first to prepare and publish Human Development Index in the year 1990.

   Human Development Index studies the following three basic human aspects:
   (i) Living a long life or Longevity (LEI)
   (ii) Being knowledgeable on Educational Attainment (Index EAI).
   (iii) Standard of living on Real per capita GDP (SLI).

3. Quality Of Life Index (QLI): Quality of life of the people is another index to measure the standard of living of the people in an economy. It is influenced by national and per capita income of the people. Many other factors like consumption, output, health, environment, education, freedom, security, non-violence peaceful atmosphere etc. also influence human welfare directly or indirectly. In other words, none of these factors alone determines the welfare of the people. At the same time, we should note that National Income is not itself the single representative factor of welfare. It is as such necessary that all the determinants of welfare should be combined together to measure the quality of life index. But it is not possible that every variable should be accounted for because of conceptual and statistical difficulties. It is, therefore, said that an index comprising of certain selected social factors be made to determine the quality of life index. For example Human Development Index (HID) has been prepared under United Nations Development Programme (UNDP).