

TABLE OF CONTENTS

Introduction	7
PART I. Controversy surrounding the price stability postulate	13
Chapter 1. Economic effects of price stability – comparative analysis conclusions	15
1.1. Impact on economic growth stability and dynamics.	15
1.2. Price stability and changes in costs on a macro- and microeconomic scale	26
1.3. Price stability and savings, real income and its distribution	28
1.4. Price stability and different aspects of external equilibrium	34
Chapter 2. Reactions of market participants to moderate price rise.	39
2.1. Reactions of entrepreneurs	40
2.2. Impact on consumers' behaviour	46
2.3. Price rise and interest of the state	51
Chapter 3. Price dynamics and effectiveness of the state's economic policy	63
PART II. Strategies of medium-term stabilization policy and their implementation since the 1970s.	73
Chapter 4. „Monetarist experiment” – its economic effects and influence on monetary policy implementation principles and methods.	75
4.1. Monetary policy after the first energy crisis in the years 1974-75 and its limitations	75
4.2. „Monetarist experiment” in the United States and Great Britain in the years 1979–82.	78
4.3. Evolution of monetary policy rules after the „Monetarist experiment”. Washington Consensus	83
4.4. Taylor's rule and policy of inflation targeting.	87
4.5. „Non-standard tools” of monetary policy. Quantitative easing and forward guidance.	100
4.6. Monetary policy as part of a new policy mix?	107

Chapter 5. Price stabilization policy in different models of medium-term monetary (stabilization) policy. Theoretical approach and analysis of practice	113
5.1. Monetary policy goals and their impact on macroeconomic equilibrium	114
5.2. Alternative strategies of price stability and economic results. Elements of comparative analysis	129
5.2.1. Price stability policy and economic growth and employment	129
5.2.2. Price stability vs. budget balance and public debt	137
5.2.3. Price stability range vs. investment in fixed assets and threat of stagnation	142
PART III. Hypothesis of neutral inflation as a platform for analysis and regulation of price increase dynamics	147
Chapter 6. Limitations of an a priori set low inflation target	149
6.1. Macroeconomic analysis	149
6.2. Low inflation target and equilibrium in the labour market	156
6.3. Evaluation of low inflation policy in the light of Okun's law	164
6.4. The problem of „Japanization” of economy	169
Chapter 7. Non-Decreasing Economic Growth Rate of Inflation (NDEGRI) as a determinant of the central bank's monetary policy	175
7.1. The problem of the optimal inflation rate.	175
7.2. The need to change monetary policy priorities – critical analysis of the FRS strategy until mid-2019	186
7.3. Non-Decreasing Economic Growth Rate of Inflation as an alternative tool of monetary policy (from the perspective of mid-2019)	195
7.4. Conclusion	205
Epilogue	207
Annex 1.	213
Bibliography	221