

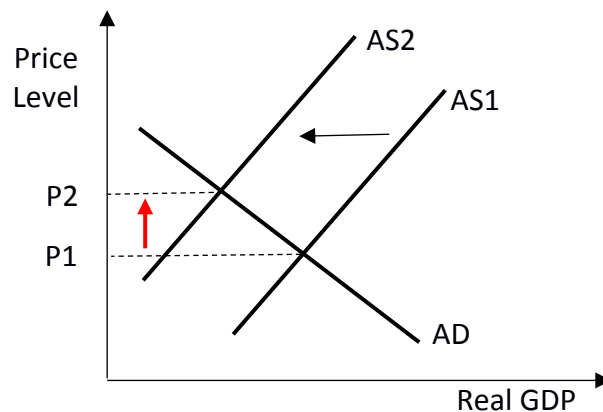
## Answer on Question #80072 - Economics - Macroeconomics

With the aid of well labeled diagrams, explain cost push and demand pull inflation

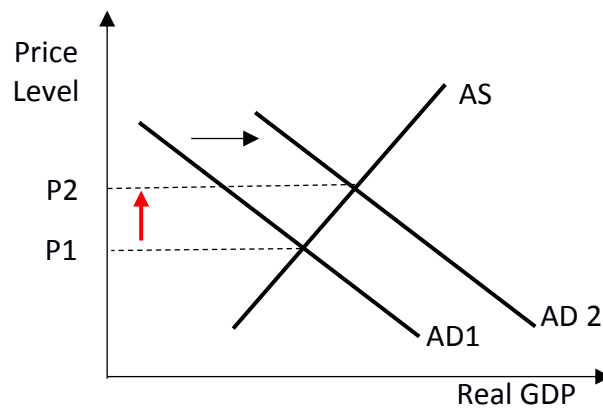
### Answer

Considering the causes of inflation, economists distinguish between its two types: demand pull (consumer inflation) and cost push (seller inflation). In essence, these are two, as a rule, interconnected, but unequal causes of inflation: one is from the demand side (surplus of cash funds from buyers), the other from the supply side (growth of production costs).

Cost push inflation - rising prices, provoked by increased production costs:



Demand pull inflation is caused by excessive demand:



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