Inflation: Viewed in terms of Economic Structure, Aggregate Expenditure, Wages and Currency Value in a Review

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A B S T R A C T
Research objectives are to provide an overview of existing results from previous studies and provide conclusions by researchers. The research method used is a literature review that comes from existing scientific articles from various journals in the world related to variables.The results of the research in this study gave significant results with quantitative research methods and mostly used qualitative methods with the results of the researcher's perspective. Researchers highlight that the field of finance with variables written in research in this paper should use qualitative methods.

INTRODUCTION

Economic structure refers to the characteristics or characteristics of a country's economy, for example the composition of production from the most important sectors in the economy or its share in domestic production. The structure of the economy is very important for determining the direction of economic development of the country and the appropriate economic policy. The relationship between inflation and economic growth has long been a debate among policymakers and researchers (Eggoh & Khan, 2014)Differences in inflation between countries are often directly attributable to the credibility of governments, the quality of monetary policy institutions, the actual working arrangements of central banks, and technical aspects of the inflation rate (Department, 2016). In a country this inflation is also related to aggregate expenditure.

The relationship between aggregate spending and inflation can take many forms. One possibility is an excessive increase in aggregate demand, which could lead to inflation. When aggregate demand exceeds aggregate supply, the prices of goods and services rise. This can happen when the growth of consumer spending or investment does not match the growth of production, thus causing an increase in prices. Consumers adjust their overall inflation expectations based on observed changes in commodity prices, with the relative weight of products depending on purchase frequency rather than consumption (D'Acunto et al., 2019) According to (Dietrich et al., 2022) the difference between aggregate and aggregate inflation expectations increases with subjective uncertainty and is systematically related to socioeconomic characteristics. Wages and inflation are closely related, because inflation can affect the purchasing power of a person's work wage. Inflation occurs when the prices of goods and services rise in general in the economy, so that the money we have becomes less valuable. If inflation rises faster than wages rise, then the purchasing power of one's wages will decrease.

Not always wage increases can be in line with inflation. Sometimes companies are unable to adjust wage increases to inflation due to rising production costs, so companies should consider wage increases carefully. On the other hand, the government also seeks to control inflation with fiscal and monetary policies, such as stabilizing prices of goods and services and interest rates, in a study results stated that real wages to labor productivity are not linear and both have an inverse U-shaped relationship (Tang, 2014)along with statements from Productivity growth plays an important role in maintaining the country's competitiveness and long-term economic growth and in controlling inflation (Yildirim, 2015) Inflation can affect the value of a country's currency, because when the price of goods and services increases, the value of the currency relative to the goods and services purchased with that currency decreases.

According to (Cerra, 2019) black market exchange rates can rise much faster than general inflation when driven by prices in the most distorted commodity markets. Along with the opinion that undervalued currencies bear additional inflationary pressure due to the phenomenon of inflation costs and

an overheating economy, economic growth suffers (Morvillier, 2020) The purpose of this study is to provide an overview of existing results from previous research and provide conclusions by researchers.

THEORETICAL REVIEW
Economic Structure

Economic structure according to (North, 1993) Good and efficient institutions can promote economic growth, but bad institutions can hinder it. According to (Soto, 1991) It focuses on the importance of property rights in creating economic wealth. Although different theories from experts, but all have different views on how the economy can develop and create prosperity for society.

Inflation

According to (Putong, 2013) Inflation is an increase in commodity prices in general This is because the system program is not synchronized. Acquisition of raw materials (production, price, printing) money etc.) different income Community ownership, Inflation is the process by which prevailing land prices increase labor. Inflation is an excess of demand compared to the current supply of goods and services. From this perspective, governments can control inflation by increasing output and reducing demand through fiscal and monetary policy(Keynes, 1937) From the description above, the theory of Inflation requires a holistic approach that takes into account various factors that affect inflation.

Currency value

The bilateral exchange rate is the price of the currencies that residents of these countries use in transactions among themselves (Mankiw, 2007), (Mankiw, 2007)is the price of a currency relative to the currencies of other countries, and since the exchange rate contains two currencies, the equilibrium point is determined by the demand and supply of both currencies (Mankiw, 2007)(Mankiw, 2007)

Aggregate Expenditure

The amount of consumption, investment, public expenditure, and net exports in an economy(Friedman, 2007) According to (Samuelson & Eggwertz, 2003) The amount of consumption, investment, public expenditure, and net exports in an economy. Aggregate expenditure is often used to measure a country's economic growth and inflation.

Working Wages

According to (Lazear, 2002) Wages are compensation paid by an employer to an employee for the employee's time and effort. Salary refers to the amount or remuneration paid by an employer to an employee for work performed. Salaries come in many forms, including cash, compensation, bonuses, and other benefits.

METHODOLOGY

This research uses qualitative techniques in a way that is relevant to the literature. Literary studies are types or methods of academic writing in the form of literature research. Theoretical analysis and analysis of relationships between

variables in books and journals from Mendeley, Google Scholar and other online media. The journals surveyed are listed in the journal metrics table below.

Table 1. Metric Journal

Author, years, and title	Variable Used		Findings	Differences With This Study
(Eggoh & Khan, 2014)\n\nOn the Nonlinear Relationship between Inflation and Economic Growth	Variable Inflation\n\nVariable : Economic Growth	:	supports both views and confirms the fact that the nonlinearity of inflation and growth is sensitive to a country's level of economic development, capital accumulation, trade openness, and public sector spending. In addition, the special characteristics of this state cause some important differences in this non-linear relationship	
(Roncaglia de Carvalho et al., 2018)\n\nEconomic development and inflation: a theoretical and empirical analysis	Variable Inflation\n\nVariable : Economic Development	:	Our results still show an inverse and low correlation between persistence of inflation and economic development, which suggests that development-sensitive variables allowed in the model may only partially explain differences in inflation at different economic levels	
(Brink & Porcano, 2016)	Variable CULTURE	:	Tax moral attitudes and tax avoidance	Tax Morale

THE IMPACT OF CULTURE AND ECONOMIC STRUCTURE ON TAX MORALE AND TAX EVASION: A COUNTRY-LEVEL ANALYSIS USING SEM	AND ECONOMIC STRUCTURE Variable : Tax Morale Variable : Tax Evasion		rates differ significantly in developed countries compared to the transition phase.	Tax Evasion
(Lin, 2020) New structural economics: the third generation of development economics	Variable Economic Structural Variable Development Economic	: :	Structuralism fails because it ignores the endogeneity of a country's economic structure. Neoliberalism fails because it ignores the endogeneity of distortions in transitional economies.	Structural Economic
(Dietrich et al., 2022) Greater Than the Sum of the Parts: Aggregate vs. Aggregated Inflation Expectations	Variable Aggregate Variable Aggregate Inflation Expectation	: :	Our results contradict the notion that overall consumer inflation expectations are shaped by a number of cost-weighted class beliefs. In addition, aggregate inflation expectations explain a larger share of planned consumer spending than aggregate inflation expectations	
(POPESCU et al., 2013) Problems of Interaction between Aggregate Demand, Inflation and Unemployment	Variable Aggregate Demand Variable Inflation Variable	: :	highlights various aspects of the interaction between these three variables in important stages of the implementation cycle.	Unemployment

	:Unemployment			
(Tang, 2014) The effect of real wages and inflation on labour productivity in Malaysia	Variable Wages Variable Labour Productivity	: :	Inflation and labour productivity in Malaysia have two-way causality in the short and long run.	Labour Productivity
(Yildirim, 2015) Relationships among labour productivity, real wages and inflation in Turkey	Variable Labour Produvtivity Variable : Real Wages Variable Inflation in Turkey	: :	there is no causal relationship between productivity and real wages in Turkish manufacturing. The lack of association is mainly due to weak bargaining power and structural problems such as high unemployment, high tax pressures on wages and much of the informal sector.	Labour Produvtivity
(Santoso & Kristiyanto, 2021) THE EFFECT OF INFLATION AND WAGES ON UNEMPLOYMENT IN EAST JAVA PROVINCE	Variable Inflation Variable Wages	: :	significant influence, with a coefficient ratio of 0.0434 (inflation) and 0.0012 (salary). Pushing inflation increases unemployment by 1,544.96 when inflation increases by 1%. The effect of wage increases on unemployment was reduced by 0.0095, other variables remained. The R2 coefficient of determination of 0.78 shows that inflation and wages	

			can explain 78 percent of the variation in the unemployment rate in East Java Province. The rest (22%) is determined by other variables outside the model.
(Alaloul et al., 2021) Investigating the impact of inflation on labour wages in Construction Industry of Malaysia	Variable Inflation Variable Labour Wages	: :	A significantly acceptable relationship between the inflation rate and some categories of wages. . Most labor wages have a negative relationship with the inflation rate, suggesting a wage bias that causes cost overruns. To control cost overruns, it is recommended to introduce automation systems and Industrial Revolution (IR) 4.0 as a substitute for labor in construction projects.
(Morvillier, 2020) Do currency undervaluations affect the impact of inflation on growth?	Variable Currency Variable Inflation	: :	excludes periods of currency crises in our sample, and depends on the level of development of the country. This is especially true for developing countries, but not for developing countries. Thus, devaluation-based

			policies should not be encouraged in developing countries, as they tend to amplify the inflation-dampening effect on economic growth.
(Turner et al., 2019) Adjusting for Inflation and Currency Changes Within Health Economic Studies	Variable Inflation Variable Currency	: :	report more openly about the methods they use to adjust for inflation.

RESULTS

From several dozens of scientific articles with the results of their research, related to the variables in this study various results and provide an overview and make a reference to the future where; (Eggoh & Khan, 2014)this important difference in this non-linear relationship between inflation and economic growth, further with the results showing an inverse and low correlation between the persistence of inflation and economic development (Roncaglia de Carvalho et al., 2018), (Brink & Porcano, 2016) distinguishing variable is tax, with the results of research on tax moral attitudes and tax avoidance rates significantly different in developed countries compared to with a transitional phase. (Lin, 2020) structuralism fails because it ignores the endogeneity of a country's economic structure. Neoliberalism fails because it ignores the endogeneity of distortions in transitional economies.

Furthermore (Dietrich et al., 2022) (Dietrich et al., 2022)POPESCU et al., 2013) with the (POPESCU et al., 2013)(Tang, 2014) with results (Tang, 2014) research on inflation and labor productivity in Malaysia has two-way causality in the short and long term, (Santoso & Kristiyanto, 2021)R2 coefficient of determination research of 0.78 show that inflation and wages can explain 78 percent of the variation in the unemployment rate in East Java Province. The rest (22%) is determined by other variables outside the model. (Alaloul et al., 2021) research results of a significantly acceptable relationship between the inflation rate and several categories of wages.

(Morvillier, 2020) The results of the study did not include periods of currency crisis in our sample, and depended on the level of development of the country. This is especially true for developing countries, but not for developing countries. Thus, devaluation-based policies should not be encouraged in developing countries, as such policies tend to amplify inflation-dampening effects on economic growth, (Turner et al., 2019) research results report more openly about the methods they use to adjust for inflation.

From some elaboration, there is a positive influence between variables from the research above, there are also negative research results, and the results of variations in qualitative methods.

CONCLUSIONS AND RECOMMENDATIONS

The results of the above variables in this study provide significant results with quantitative research methods and mostly use qualitative methods with the results of the researcher's perspective. The researcher highlighted that the field of finance with the variables written in the research in this paper should use qualitative methods.

Recommendations for future researchers that most of the dozens of articles in this study use the same variables, with the tone of additional variables that can later be continued with research by researchers in the future, quantitative and qualitative research methods in use by researchers.

FURTHER STUDY

This study is far from perfect and researchers expect there to be other researchers who use this variable and add other variables as recent.

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