

Sustainability in Monetary Field May Accompany us to Better Future

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Abstract

Inflation and deflation have accompanied humanity since the beginning of history. But they will be overcome when humanity has taken the path of neutrality with nature. Meanwhile in the West we are dealing with an unexpected (perhaps) inflation and in China with deflation, half of the continents suffer from inflation and the other half, in part, from deflation. Unlike the last century with widespread inflation “erga omnes”. They are anomalies that cure various excesses in the economy.

Inflation appears if development is pushed beyond measure. Deflation occurs when indebtedness is excessive, and speculation fuels the disorder of the economy. Monetary policy has demonstrated that it has the weapons to defeat inflation with the success achieved in the early 1980s by Paul Volcker at the Fed. Now we are once again grappling with Beware inflation. It does not have the characteristics of the sixties and seventies of the last century. It does not arise from undue pressure on the development button, but from the rise in international prices, fueled largely by speculation.

Not only that, but it is also highlighted by the retreat of deflation in the West, where the economy recovers after the COVID 19 epidemic. It is the unwelcome legacy of the previous decade of deflation, during which zero interest and cheap credit lulled speculation on fossil energy prices and assets. Is the anti-inflation strategy of the last century useful? Unfortunately, not. The increase in interest rates has no power on international prices. Not even the recession, invoked by some, comes of any help. The drop in core prices we are witnessing does not depend on monetary policy but on the new equilibrium in consumer prices that we know realizing after the surge. So, has restrictive monetary policy failed? Absolutely not. The increase in interest rates was essential to hit reckless speculation, with the increase in the cost of credit. Furthermore, it is absolutely essential that interest rates remain high, opposing the greed of speculation which postulates an unlikely decline in the cost of credit.

Keywords: Monetary Policy, Interest Rates, Deflation as Devilish Motion, Inflation as Natural Motive

Introduction

Is the economy headed for recession? It's unpredictable. This expected and unverified wind would only concern the West and in particular the USA and the European Union, if only because the other heavyweight of the world economy, China, is marking time after five decades of dizzying growth. In the Western economy, interest rates appear to have peaked and may remain at their current state for a long time. This is what the president of the ECB, Christine Lagarde, said. If held at a record level for long enough, they could bring inflation back to the 2% target. However, Chairman FED, Jerome Powell, expressed uncertainty about fighting inflation and added that, if necessary, the Fed could further tighten monetary policy.

No objections to the prospect of interest rates holding steady. In fact, rates in the West are stable after a repeated alignment up to 4.5 - 5% on both sides of the Atlantic. Certainly, the criteria that are leading to a drop in inflation in America and Europe seem right, but the reasons do not always coincide. In fact, it must be excluded that inflation is affected by the pressure exerted by interest rates on the economy, for the simple but naive reason that the inflation we are experiencing is the tail end of interest rates at zero level and below, which have accompanied for over a decade in the second decade of the 2000s.

As usual, we need to see where the criticism comes from. It must immediately be added that interest rates close to zero have

swelled the crowd of speculators who have worked to transform the financial markets into a roulette wheel, dragging stock markets and real estate values up for no reason. On the trampoline provided by cheap credit, speculation has abandoned all attractive on the real economy, in exchange for an incongruous and volatile rise in the financial market.

So, in the last decade there has been a gap between financial markets in free growth and the real economy in decline and deflation. Yes, we know that deflation is subtle and therefore highly dangerous. It produces a price drop deception in everyday purchases, which is welcomed by the less fortunate part of the

community. But at the same time, production is reduced, employment is cut, investments fail and GDP falls, to the detriment of families at the bottom of the social ladder.

Therefore, the normal mechanism no longer works. Finance fuels the real economy, but partly undergoes a turning point, as I was saying, speculative, so that it swells like a balloon. Financial values inflate, without any purpose other than to limit the trading of shares due to the high off-market price. And to demotivate the incentives for the real economy, which is suffering in the throes of deflation [1-5].

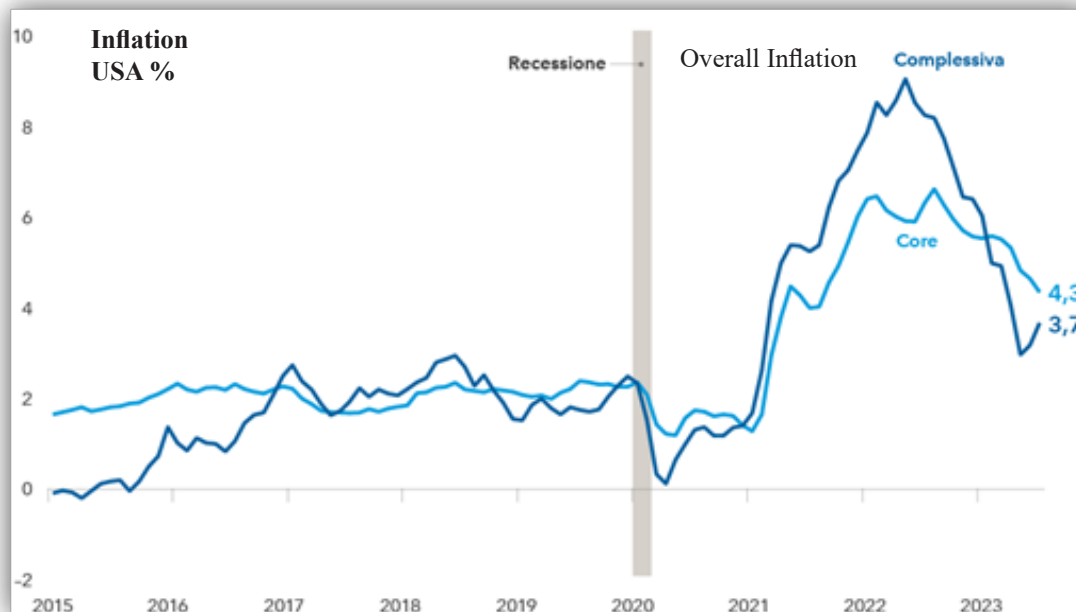


Figure 1: Inflation in the USA has fallen sharply since last summer, allowing the Fed to give itself a break.

Sources: Bureau of Labor Statistics, Refinitiv Datastream. Overall inflation and core inflation represent the change compared to the previous year, respectively, in the Consumer Price Index and the Consumer Price Index excluding food and energy. As of August 31, 2023

We observe that unlike the historical inflation of the 1960s, the West has suffered an ongoing inflationary shock with speculative prices as can be seen in figure 1. Part of Asia is not aligned and in particular China which instead suffers from deflation. We are therefore not observing a repeat of the global inflation experience of the last century, but a mix of monetary irregularities that almost divide the global economy into two parts. Well, let's ask ourselves how this different monetary structure that divides the economy between West and East can influence the progress of both halves (so to speak).

To say that there are no reflections on the duplicity of the reaction to monetary imbalances in the global economy seems naive to me. Let us not forget, for example, that China is subject, like the West, to the pressures exerted by the increase in international prices of fossil energy. Ergo it should also mark the inflationary effect experienced by Europe and the USA. However, it marks a pronounced deflation, as can be seen from Figure 2.

We can only deduce that deflation in China also affects the trend of inflation in the West and vice versa. Therefore, in the absence of the reasons causing Western inflation, the Chinese should observe a deeper deflationary effect, as they suffer the same effects on international speculative prices. One might also believe that, due to deep deflation, even in China the inflation we are experiencing in the Atlantic countries goes unnoticed because it is hidden by the local downward trend in prices. On the Western side, after the decline in inflation we are experiencing in the United States and Europe may also be partly limited, perhaps due to trade between the continents, which are simultaneously plagued by inflation and deflation [6-10].

All this to say that the position of the central banks, which traces the current decline in inflation to the progressive increase in interest rates close to or just above 5%, although appearing correct, does not appear well justified. Why? The thesis that inflation is falling due to rising interest rates does not seem realistic. The current inflation depends, in fact, on the increase in the prices of

fossil energy and rare materials, which progressively involves all commercial and industrial activities and families. Therefore, it does not appear that inflation is being held back by rising interest rates. Furthermore, the hypothesis that increasing interest rates could lead to a decline in the economy and create a recession

does not seem realistic for now. It must be said that even a possible recession, according to some commentators, would have the effect of containing spending and purchases but certainly not of alleviating the increase in international costs and their effects on domestic prices.

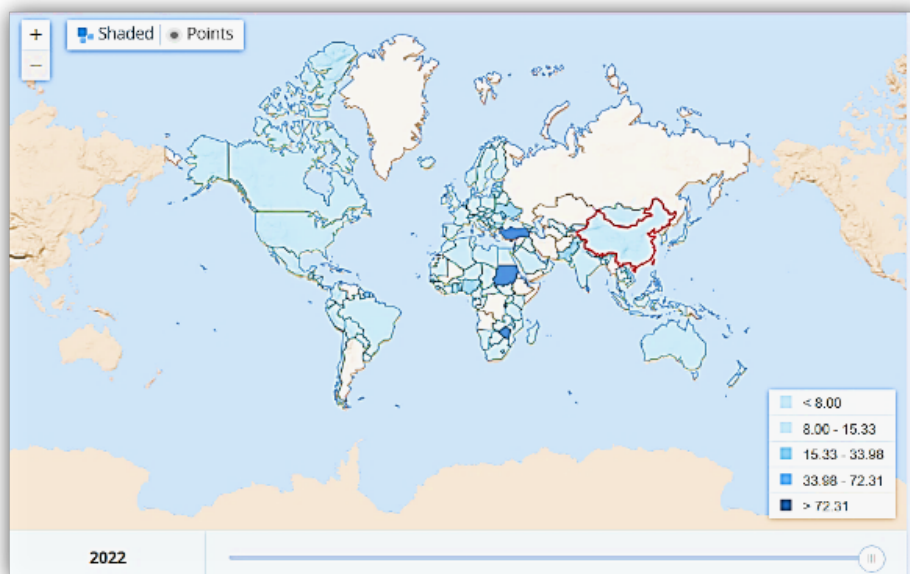


Figure 2: Inflation, consumer prices (annual %) - China

Inflation in some great countries in 2022

| | | | | |
|------------|--------------|-------------|----------------|-----------|
| Canada 6,8 | France 5,22 | Brazil 9,28 | India 6,7 | China 1,9 |
| US 7,9 | Germany 6,87 | Chile 11,64 | Australia 6,59 | Japan 2,5 |

Source: Data.worldbank.org

Inflation in the West was sudden but not unexpected

The decline in inflation seems physiological for now precisely due to the characteristics of inflation itself, which has complicated the economic scenario from 2021. So, why is inflation falling and alarm rising about interest rates that would be responsible for another next recession? A recession in the global economy is certainly not to be ruled out. But certainly not due to the modest rates of residual inflation or the high interest rates, which at least for now should not be touched either upwards or downwards according to the declarations of the heads of the main central banks.

The theme of a next recession can instead be linked to the difference that has accumulated between the still high asset values and the real economy. The latter, if a new transitory recession were to appear, would still be attributable to deflation, which could come back into play if the economic cycle weakened. We continue to believe that the increase in financial values is a good promise for the economy. Unfortunately, this is false. The long deflation of the last decade was the spark that gave impetus to speculation that pushed asset values upwards without any relationship with the state of the real economy, after the serious financial crisis of the 2000s. A precedent that has not been metabolized, rather forgotten or almost forgotten, as confirmed by the persistent bullish trend of the financial market. Consider that, at least until 2020, speculation on the stock market and financial values was driven by the availability of cheap credit [11-15].

Under accusation, therefore, the cost of money is close to zero and the deflation of the markets acts as bait to bring interest rates close to zero. An ideal condition for speculation but which weakens the real economy, on whose shoulders the speculation and cheap credit rest. We are currently witnessing the outcome of the last decade, characterized by extensive speculative maneuvers, which were the driving force behind the increase in prices of the stock market, of assets, etc. In concrete terms, in recent times speculation has shifted above all to oil, gas and other things to replace the declining stock markets. Salvation from the worst came precisely from the central banks of the West who decided to increase - albeit gradually - interest rates. That is, finally putting an end to near-zero credit.

From this brief excursus on the dynamics resulting from the interest rate maneuver, it can be deduced that the tensions on internal pressures driven by the rise in international prices were partly attenuated in the previous decade by deflation, which subjugated the last decade. With a strong recovery of the economy in 2022, after the stop imposed by the COVID.19 epidemic, deflation has loosened its grip. It follows that at that point inflation emerged forcefully, which had previously been partly hidden by the general fall in prices (deflation). Certainly, sudden but not unexpected if we take into account that, once the deflationary effect had worn off, the central banks' response was slow in arriving. Speculation was therefore concentrated above all on materials that were in high demand under the pressure of the robust recovery of the economic system at a general level.

Therefore, we can argue that much of the inflationary turn, which we discounted upon emerging from the COVID epidemic, is due to the delay in the response of central banks in the West, raising interest rates to acceptable levels. It can therefore be ar-

gued without a shadow of a doubt that the increase - although too gradual - in interest rates, to a more appropriate level in a globally recovering economy, has saved us from a possible further jump in inflation [16-20].

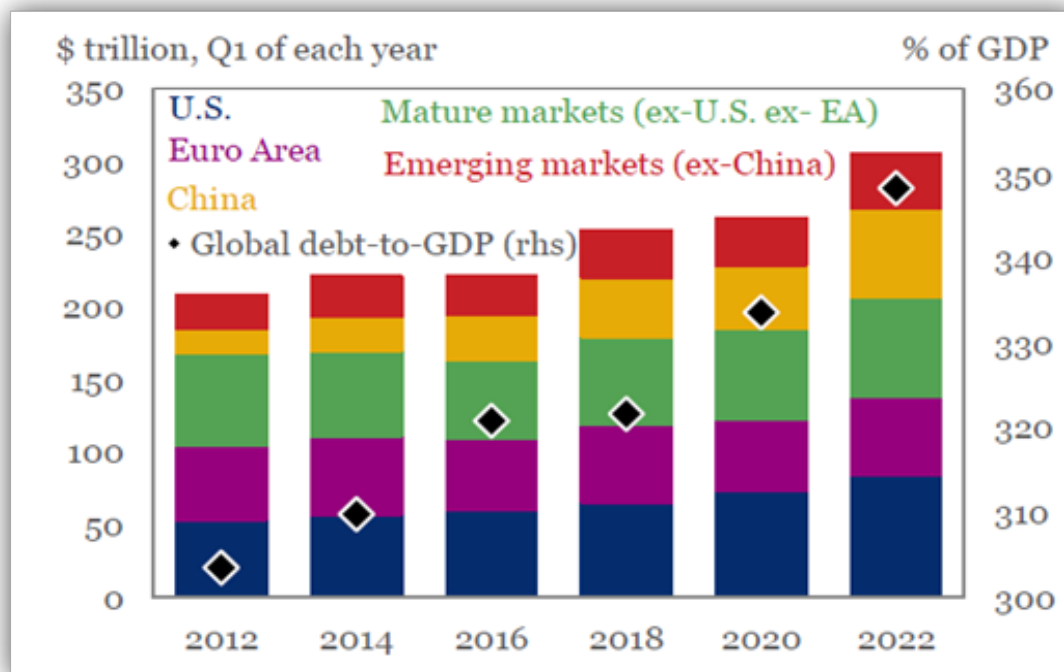


Figure 3: Global Debt topped a record \$ 305 trillion in Q1 2022

Source: IIF, BIS, IMF, Nationale Sources, Haver

In other words, rates close to zero have not saved the real economy but have given an undue boost to speculation which has spread across stock markets and real estate values. Then, when the economy recovered, driven by the decline of the epidemic, speculation directed the (incongruous) upward maneuver on fossil energy prices, which then spread to consumption prices. Finally, the greed of speculators has been put to the test by the gradual but incisive increase in interest rates, placing a limit on the abuse of easy credit.

At this point, the singular attention of some operators on the hypothesis of a next recession once again calls into question the central banks to consider a reduction in interest rates in the near future. In truth, the economy does not seem to need to loosen credit, which in any case must never be available almost free of charge. Also, because the world of economics, precisely for a decade of deflation and cheap credit, has taken on a huge amount of debt, which represents a real obstacle to the development of the real economy.

As can be seen from Figure 3, in the decade from 2012 to 2022 global debt growth was over \$100 trillion and over 150% of global GDP. It is clear that such a gigantic growth in global debt must be partly linked to extremely loose monetary policy and the excessive availability of cheap credit. And debt does not mean assets because it has contributed to a large extent to the virtual

value of stock markets and real estate securities, which are a mountain of paper ready to collapse. As soon as interest rates are brought back to the correct values. Just to say that, when it is necessary to repay expiring credits, the urgency arises for interest rates to decrease. But it would be a serious mistake if central banks decided to reverse the direction of interest rates. It should be remembered that the gigantic growth of global debt depends in part on speculation, a symptom of humanity's greed, responsible for the serious and unacceptable difference in income and wealth between social classes.

Some evils have a silver lining! The inflation we are experiencing, and which – fortunately – is decreasing, indicates that a new financial storm or crisis of the type experienced in the first decade of the 2000s is receding. That is, we have long entered a sort of chain repetition of scenarios in which deflation goes hand in hand with low or close to zero interest rates, which give free rein to low-cost debt. There is thus a tendency to recreate, phase after phase, the conditions that lead to a hyper-speculative growth in the values of the stock and real estate markets, with the real economy in feeble depression. I repeat, the resumption of inflation has generated serious alarm, with serious damage to families, but at the same time removes the specter of a repetition of the very serious financial crisis of the beginning of the century [21-25].

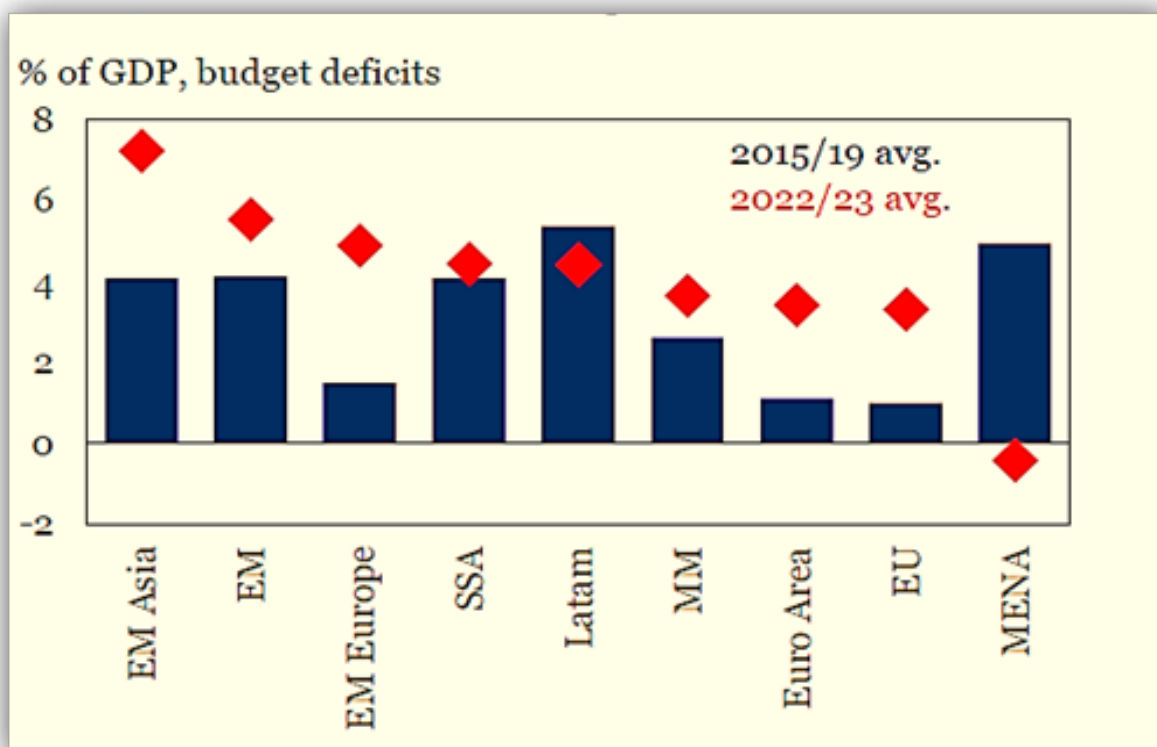


Figure 4: Government financing needs remain substantial.

Source: IIF, IMF

Like the geese on the Capitoline Hill who informed the ancient Romans of the attack of enemy populations, we must believe that inflation and the complaints it arouses among families should be considered as the alarm raised by the monetary system. Therefore, when deflation loosens its grip and inflation rises, it warns us of the danger we may be in if we fail to grasp urgency. What urgency? In essence, it is essential not to lower rates because this maneuver would worsen the gap between the real economy - which thus languishes - and the speculation which instead remains lurking. That is, with a drop in interest rates, a repetitive, still speculative cycle could begin again, which would take us back to the serious financial crisis of the first decade of the 2000s, and which still looms.

In summary, inflation today is the shock caused by the overly accommodative monetary policy of the past decade. In a recent speech, a member of the FED stated that there is no sign of a potential acceleration of the inflation phenomenon, which is actually slowing down and seems to be hovering around 2%. That is, the parameter that the Central Banks consider to be the expression of a balanced economy. I would like to point out that the parameter, indicated by experience at 2%, is rather an emblem to be achieved than an achievable objective for now. Why? In fact, it indicates a condition of indefinite calm and equilibrium of economic systems, which can only be achieved when humanity reaches the goal of full neutrality. It means reaching a stable equilibrium in time and space, which is not yet close. At least as long as they are in the so-called Anthropocene, and therefore

condemned by excessive production of waste that nature is not able to digest in the time of one generation. Therefore, it is an ideal value of the price index, which today cannot yet indicate the full equilibrium reached by the economy but, if attained, an arithmetic level that sets off the deflation alert.

We are in a race with time to avert the risk of dangerous global warming. It is therefore essential that the times for the complete neutrality of our presence are reduced to a minimum. Meanwhile, humanity remains entangled in economic imbalances, which are manifested through monetary alterations (inflation and deflation). We have said that, for now, a condition of lasting and stable equilibrium in the economy is not possible. It is no coincidence that we are now subject to inflation (in the West) and deflation (in China) on both sides of the continents. A relatively new situation, after having experienced a long global inflation in the 1960s and 1970s. They are two alarms in semblable opposition. But be careful, the two monetary alterations do not have the same motherhood, so to speak.

In the Western area we are experiencing inflation caused by the increase in the price of fossil energy, on the other "side of the sky" deflation is an alarm to the Chinese community where indebtedness has reached abnormal levels. So, creating a huge supply of unsold properties in China. Attempts to support the Chinese economy, exhausted after forty years of super-accelerated development, are generating deepening deflation. The world of economics is split into two fronts [26-30].



Figure 5: US FED FUNDS Interest rates. US Inflation rate 2000- 2023
Source: <https://it.tradingeconomics.com/united-states/interest-rate>

The western area has shown a strong development capacity in the post-epidemic period. A positive condition, which however showed a dark side. On the one hand, the tension towards development has slowed down deflation, which has consequently caused consumer prices to rise. Domestic prices which had previously slowed down due to the downward pressure imposed by deflation. But that's not enough, because we have to deal with the past. In the previous decade, near-zero interests' rates and excess debt had pushed stock and securities markets into a virtual rally.

In the meantime, for geopolitical reasons, conditions have been created that speculation has exploited, impacting the prices of fossil energy, with repercussions on consumer prices. Therefore,

in the Western context, inflation emerged largely due to speculation that had thrived in the previous decade. After two years, today consumer prices - after the increases for the reasons we have mentioned - have now reached a new equilibrium and are tending to fall. And the decline will most likely continue in the coming months.

There has not been, nor will there be a wage-price spiral, nor an acceleration of prices according to the consummate experience of the sixties and seventies of the last century. Reason? Let's not confuse the current reality of inflation from energy costs driven upward by speculation, compared to the harshly inflationary climate of the last century.

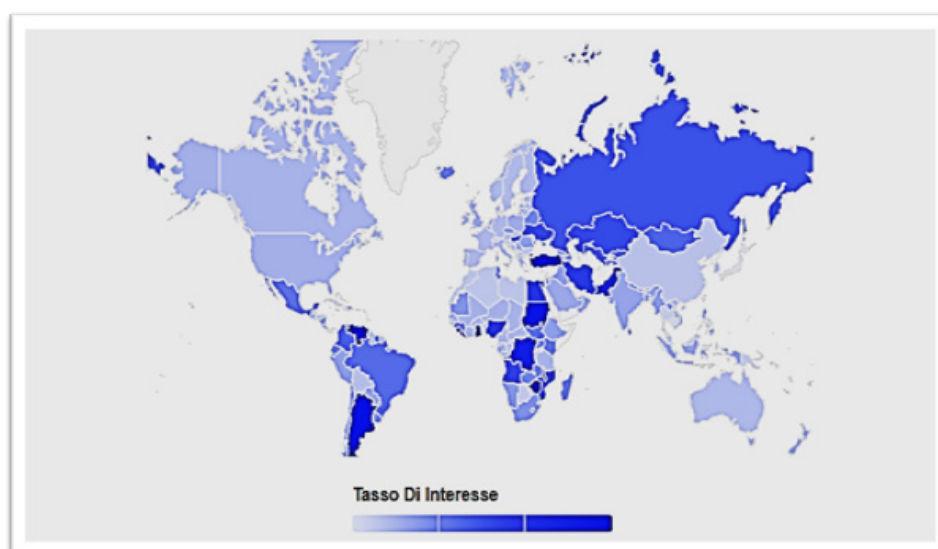


Figure 6: Interest rates in in world perspective
Source: <https://it.tradingeconomics.com/country-list/interest-rate>.

After the Second World War, a period of accelerated development of the world economy followed, until the momentum ran out. But our beloved rulers thought that it was possible to continue on the wave of the past in strong development with the help of the support of the economic cycle. Also due to global warming of the planet, the bet was not legitimate. Nature defends itself by circulating inflation, which constantly expands. Just as the waves caused by a stone in a pond widen, inflation – brought into play by nature – manifests itself with a constant acceleration. That is, inflation increases moderately based on the degree of acceleration, related to the state of the economy at the dawn of the monetary phenomenon. It so happens that monetary policy - aimed at containing inflation - is however overtaken by the automatic movement, which constantly accelerates inflation and continually recovers what has been lost.

Now wanting to transfer the experience of the last century to the current story of inflation is simply wrong. In the case we are experiencing there is no inertial acceleration of prices for the simple reason that times have changed, and it is not possible to transfer what was experienced in the past to today. As we said, current inflation is reducing and shows no signs of following Penelope's motion, which increases during the day and decreases at night. Currently, even the so-called spiral of wage inflation, which has been brought up, has no reason to take hold because there is no acceleration that will restore to prices what has been demolished by monetary policy. However, monetary policy in the West seems to conform to the experience of the past, although today the repetition of the maneuvers of the last century cannot have any influence on the movement of consumer prices, which follow the tensions in international prices. Meanwhile, the wave of consumer prices seems to have reached a point of equilibrium and a fall in inflation.

In summary, today's inflation is the shock caused by the excessively accommodative monetary policy of the last decade, by the co-existing deflation that has put pressure on the very weak economic recovery and finally by the spasms of speculation, which once again today proposes an absurd plan. That is, it is proposed a return to an accommodative monetary policy. In the meantime, the real economy is compared with the scenario of wars in Europe and the Middle East and, even more so, with the inexorable slowdown of China's convulsive development in recent years.

Nor should we forget that the long season of low interest rates close to zero has left a legacy of super-indebtedness of businesses, families and state finance which strongly advises against abandoning the ongoing restriction of monetary policy. Let us remember that we still have to deal with this enormous load of debt which would need to be able to count on a line of constant development to absorb the excesses and glide towards the equilibrium of the economy.

In this regard it can be remembered - for the avoidance of doubt - that even in the last century there was a surge in the price of oil in the 1970s. Yet, things are not as they seem or as they might appear. Our point of view does not change if we compare today's inflation with that of the last century, which was also hit hard by the oil crisis. Let's see why! Let us remember in the meantime that the inflation following the Second World War arose in the 1960s and has nothing to do with the oil crisis.

As I mentioned, the trend in inflation – I would say classic because it is caused by excessive pressure on the issue of economic development – had a quiet start although it was growing at an accelerated pace. Inflation then took hold and stabilized at a medium level, despite the counteracting monetary policy interventions. What happened when the oil crisis hit in the 1975s?

To cope with the unexpected increase in oil prices at that time, governments attempted to contain the increase in domestic prices, wanting to once again mitigate the inexorable decline of the economy. Unfortunately, that was a mistake. First of all, because the economic cycle was already being forced by supporting the economy.

Therefore, the choice to absorb part of the increase in the cost of fossil fuels through public spending has substantially added to the support package launched some time ago. Now, in the event of no intervention, the surge in oil prices would have had the same consequences we see today, albeit with greater emphasis. That is, we would have had a surge in prices (in addition to ongoing inflation), which would then have subsided as soon as a new equilibrium in the price level was reached. Meanwhile, underlying inflation continued its path of moderate growth. That is, it would have continued to follow its path according to the underlying acceleration, while inflation from international costs would have attenuated as it happens today. Instead, an anomalous result occurred. Increasing government spending to reduce oil prices was seen as unduly supporting the economy. In contrast to the rule according to which the acceleration of inflation is cured by recession and that this must last until the acceleration of classical inflation itself is defeated. Hence a double-digit or higher expansion of inflation in Europe and America and worse elsewhere.

The confirmation that the battle would be won through a recession capable of causing the classic constant inflation to decline - without the possibility of recovery - materialized after the bold decision of the president of the Fed - Paul Volcker - At the time, the USA was subjected to the typical inflation, fueled by an underlying acceleration, which had effectively made the monetary anomaly unbeatable. With the support of then US President Ronald Reagan, Volker decided to raise interest rates a few points above the level of double-digit US inflation. Despite criticism and protests due to the resulting deep recession in the American economy, he maintained his tough position for two or more years until he prevailed over his formidable opponent. Inflation fluctuated at 5% in 1982 and then stabilized at 2% and remained there for over twenty years until the beginning of the new century.

4. – The balance of humanity with nature, inviolable and stable, has been indicated at 2% and not at zero

Moral. When inflation has been running for some time and is fueled by the acceleration process, now independent of the state of the economy, "warm clothes" such as the low increase in interest rates set Penelope's web in motion, which automatically grows, thus canceling the decline. Only a decisive increase in interest rates that exceeds the inflation rate by a few points can finally stop the network of growing inflation.

In the same way, even if with a different sign, the battle against deflation must be continued. Subtle, almost disguised for the

community that may appreciate the drop in prices, deflation constitutes an even more serious threat without creating serious alarm among the people. However, deflation drags the economy into recession and becomes even more pressing. If we try to act to support the economic situation, deflation is not the opposite of inflation, it is instead a sort of specific remedy. I can say natural (the fathers of this anomaly are not known but we can assume that it is the curator of the natural laws that supervise the economy). Experience shows that deflation arises in a super-indebted economy and with tendencies towards a speculative cycle on stock and real estate market values. It is a natural mechanism that depresses the value of capital, discourages debt and eliminates tendencies towards speculation. We must not see it as an enemy but as an alarm that leads the community to put pressure on the governments to change the losing economic policy in place.

As I was saying, deflation is not the opposite of inflation. It is absolutely not possible to resort to deflation to fight inflation or vice versa. They are both outside the range of human possibilities. We can therefore believe that they are created by universal laws that protect the economy of human beings like the universe that accepts life.

How to cure deflation? In this case we cannot resort to the Volcker model, because we have to get the economy out of the well and not vice versa. However, we have witnessed monetary policy attempting to apply the Volcker scheme in reverse. That is, accelerate the reduction of rates in symmetry with the decline in consumer prices. With the results that we have already briefly described: availability of credit at minimum cost and free space for speculation (with relative increase, at the moment, in the prices of fossil energy). At the same time, there is no benefit to the real economy, which remains subject to the recession imposed by imprudent deflation. What to do? Never go against the fundamental tendencies of the system which, in the event of deflation, points to recession as a tool to mitigate debt pressure. Ergo, never allow interest rates to fall below zero, but rather encourage the transition to recession by keeping interest rates relatively high. Therefore, the interest rate strategy that follows the falling prices is contradictory and should be avoided. However, if you decide to follow the interest rate strategy following the decline in prices, you still need to prevent the rates themselves from falling beyond 2%. What does this mean?

I repeat, interest rates must remain high for the economic system to follow its natural tendency towards recession, which could free the economy from the monetary anomaly and the anomalous cycle of financial values that absorbs vitality from the real economy. However, rates must not fall below 2%, to limit the divergence effect between the financial situation and the real economy. Well, how do you decide that the lower limit of the possible rate drop is 2%? Together, we can do it!

Let it be clear that inflation and deflation arise with different purposes. Inflation in short appears to arise when the acceleration of development has reached the final goal, but an attempt is made to force the economy with the use of public debt to support the cycle upwards. Deflation, on the other hand, seems to be flourishing to curb the high indebtedness and speculation that leads to a financial crisis, as serious as in the first decade of the 2000s. Deflation cuts the value of capital with the decline in prices and

demotivates the speculative drive. Inflation and deflation are two realities that do not have a certain paternity and which we can believe are treatment mechanisms to put an end to the irreversible degradation of the economic system. Two anomalies that have the same objective: - reduce the damage of an endless fall of the system; - create alarm conditions so that the community disagrees with the governance direction of the economy. However, it should not be surprising that the two monetary anomalies, which take shape in different realities and have opposite directions (one pushes prices constantly up, the other, on the contrary, subtracts value to deflate the accumulation of debt) are absorbed and vanish with same method. That is, with the temporary economic recession even acute, in any case not short.

The defeat of inflation with the Volcker method can also mark the defeat of deflation. However, as long as we abandon the idea that deflation can be cured by supporting the economy, resorting to a precipitous drop in interest rates towards zero. In the second decade of the 2000s, the collapse of interest rates was a mistake that gave us the persistence of the deflationary phenomenon. The deflationary phenomenon, singularly and mellifluously, seems to follow the same fate as inflation, according to a constant of acceleration or deceleration (upward for inflation and downward for deflation), which is defined at the beginning of the phenomenon.

Even if experience, apparently, does not seem to confirm it! It should be remembered that deflation often coexists in a scenario of speculation on rising international prices (as well as stock markets and real estate values). Ergo, as we have experienced in the last decade, domestic prices suffer the increase in international prices and at the same time the decline imposed by deflation. Therefore, the quasi-stability of prices experienced in the period 2010-2020 may be the algebraic sum of increases and downward pressures. Recall that even in the event of deflation, there is a constant downward deceleration of prices (regardless of the current state of the economy), which essentially ensures the persistence of the alarm among the community that economic things are going badly.

Establishing a lower limit to the decline in interest rates, and setting it at 2%, means defining the maximum decline in interest rates equal to the equilibrium value of the economy, indicated by the Central Banks on the basis of experience. Be careful, though. The balance we are talking about is the state of full neutrality with nature. For now, an unattainable ideal number, which is the common goal of humanity in the fight against global warming, created by humanity itself.

Once the goal is achieved, the economy will be in endless stable equilibrium, following the trend of mother nature. In the meantime, however, we can use this ideal number as a point not to exceed in the fight against deflation. WELL. We can note that the future inviolable and stable balance between humanity and nature is indicated at 2% and not at zero. In that new phase, changes in the economy, linked to the laws of nature that surrounds us, would no longer be possible, as would any alteration of the price wave. An event of the future that will change our order of values, especially in terms of the organization of social classes. (Cossiga, 2023). Now, why isn't this ideal number zero? Setting the ideal number at 2% means that economic activity, which never stops, will register a value between 0 and 2.

In other words, we can indicate with the ideal inviolable post-neutrality number the "background noise" of economic activity in perpetual movement. As if to say that between zero and two there is no movement other than the aforementioned "background noise" of the human economy. Ergo in that space there is no motion but simple noise. Therefore, an uncountable space and by convention equal to zero. This is why we assume the interest rate should never go below the ideal number 2%, because the meaning would be the rate is assimilated to zero. Enough for the celebration of speculation and the damage to businesses, families, and the man next door.

Conclusion

At this point, we can remember that inflation and deflation are not related and have different tasks. However, the way out of the monetary anomaly, which increases or decreases the price wave depending on the acceleration constant, is the same for both: - recession. The method is confirmed by the success of Paul Volcker at the FED, who raised interest rates a few points above the rate of inflation or deflation. It is not surprising that the law of nature offers a unique mechanism for both imbalances, a sign of sobriety in correction tools. Which, although they guarantee success (i.e., the defeat of monetary anomalies), however requires a price (even a deep recession) not appreciated by the rulers, who are reluctant to accept that the policies in place are wrong and must be changed.

Let's not forget that suffering inflation or deflation does not mean that the sentence is twenty years as we experienced both in the sixties and seventies of the last century and with the deflation that has afflicted us from 2000 onwards. Since 2021, we have witnessed an improvement in the economic situation, then numbed by the war in Europe and now in Palestine, and the ending of deflation. Now we must face the reappearance of inflation for international costs. An unexpected result for the masses but which should not be so for the economic leadership, because it arises as the tail end of the runaway deflation and from the legacy of high debt and a poisoned economy after the long deflation [31].

Long-term deflation often represents the cost of the decision to support the economy through an unprecedented drop in interest rates. Going against the current, against nature (which imposes recession to stem and defeat deflation) has given us twenty years of stagnant deflation and reckless speculation to obtain cheap credit. For twenty years, therefore, international price tensions have been crushed by deflation. We did not protest against the false equilibrium of prices, a slightly waning wave in the last decade. The awakening, however, was harsh, because when the downward pressure exerted on deflated prices dissolved, an inflationary wave inexorably emerged which frightened everyone, including our administrators. Yet it was inevitable. Indeed, good economic momentum can cause an inflationary wave to re-emerge when deflation itself evaporates. Thus, freeing prices from downward compression. Ergo, inflation emerged under the international pressure of prices, not to be confused under any circumstances with the inflation of the last century, the result of too much health. Forcing the economy is wrong. Maybe you need to have intuition to understand that excesses are bad? China docet [32].

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- **OECD:** OECD Stat Database, various years
 - **IMF:** International Financial Statistics - Database, various years