

* Inflation and Reflation

Inflation is different from reflation in exactly the same manner as deflation is different from disinflation. Inflation is a situation of rising prices after the full-employment level is reached. In other words, it is a phenomenon of rising prices without any increase in output and employment. Reflation on the other hand, is a situation of moderately rising prices when attempts are made to pull the system out of depths of depression.

According to G. D. H. Cole, "Reflation may be defined as inflation deliberately undertaken to relieve a depression."