Does Growth Cause Inflation?

No. Growth is more goods. Inflation is more money.

Inflation

Too much money chasing goods. Every price rises because each dollar is worth less.

Growth

More goods produced. With steady money, each dollar buys more and prices drift DOWN.

The confusion

Cheap credit creates a spending boom AND rising prices at once. It looks like growth causing inflation. The printing is causing both.

History ran the experiment:

Period	Real growth	Prices	Why
1870-1900 industrialization	~4% per year for 30 years	**FELL ~1% per year**	Gold standard. Money steady, output soared.
1984 (after tax cuts)	+7.2%, best since 1951	**Inflation fell: 13.5% (1980) to ~4%**	Volcker kept money tight while output grew.
Late 1990s	~4% per year	**~2% inflation**	Productivity boom. More goods per dollar.
1970s	~3%, slower than all of the above	**Double digit inflation**	The printing press ran. Money grew faster than goods.

The test is never how fast the economy grows. It is how fast the money grows.

Sources: BEA (GDP), BLS (CPI), NBER and Friedman-Schwartz (19th century) • MCS Advisory