A low and stable inflation rate improves the well being of the population. This is manifested in various ways:

- A low inflation rate promotes the efficient use of productive resources. When inflation is high, a substantial quantity of individual people's time and resources from the economy are invested in searching for mechanisms to defend themselves from inflation. Thus, for example, when inflation is high, businesses have to channel more resources into portfolio management in order to avoid financial losses. This is an inefficient use of productive resources that do not generate wealth to society.

- A low inflation rate reduces uncertainty. It has been observed that economies with high inflation also suffer from a more variable type of inflation. Uncertainty can have negative effects on expected profits from investment and, therefore, negative effects on long-term growth. Greater uncertainty also implies uncertainty with regard to relative prices, to the extent that there is a loss in price informative content for future prices and increase in trade margins. All of this affects the efficient allocation of resources and lowers economic growth.

- Low inflation fosters investment. The most important decisions taken by individuals and businesses alike are usually long-term decisions: a decision to build a factory, to start a business, to pursue an education, to own one's home. These decisions crucially depend on the degree of uncertainty regarding the future. Low and stable inflation is a macroeconomic indicator for stability that contributes greatly to the confidence of people and businesses for making investment decisions.

- A low inflation rate also prevents arbitrary redistribution of income and wealth, which particularly affect the poorest sectors of society, with the result that wage earners and retired people have fewer mechanisms to protect themselves against the inflationary erosion of their income. Contract clauses on wages indexed to inflation are scarce or practically non-existent. For example, in Colombia, wages and pensions are adjusted once a year. Furthermore, the lower the income, the fewer mechanisms that will be used to offset inflation, such as savings or real estate acquisitions. Therefore, rising inflation means a redistribution of income that is detrimental for the poorest sector of the population.