

Inflating Inflation

In this lesson where did the inflation come from?

Round #1 Auction Item: _____ Final Price: _____
1980 Auction Item: _____ Final Price: _____
 Auction Item: _____ Final Price: _____

Round # 2 Auction Item: _____ Final Price: _____
1990 Auction Item: _____ Final Price: _____
 Auction Item: _____ Final Price: _____

Round # 3 Auction Item: _____ Final Price: _____
2000 Auction Item: _____ Final Price: _____
 Auction Item: _____ Final Price: _____



1. How were students who saved in round 1 and 2 hurt by inflation?
2. How does inflation affect a person on a fixed income?

Types of inflation:

Anticipated v. Unanticipated -

Creeping-

Chronic-

Hyper-

Two types of inflation:



Demand-Pull:



Cost-Push:

Who Is Hurt and Who Is Helped by Unanticipated Inflation?

1. Your friend rents an apartment with a three-year lease.

Hurt Gain

Why?

2. You borrow money from Chase Bank at 3% for 30 years.

Hurt Gain

Why?

3. A retired man lives entirely on income from Social Security.

Hurt Gain

Why?



4. Banks issue a lot of long-term fixed-rate loans.

Hurt Gain

Why?

5. Your savings from your job are in a savings account paying a fixed rate of interest.

Hurt Gain

Why?

The Trial of Ms. Ann Flation

Who is Hurt By Inflation and Why?	Who is Helped by Inflation and Why?
<u>Mr. Con Glomorate</u> - <u>Ms. Fix Ed Income</u> - <u>Prof. I Can't Getahead</u> -	<u>Ms. Iona Lots</u> - <u>Mr. I.O. "Manny Bucks"</u> -