A. As You Read
As you read Section 2, answer the following questions.

1. What would you use to see how prices have changed over time? __________________

2. What does the example of the Barrow’s house increasing from $12,000 to $150,000 over 50 years show? __________________

3. How is the Consumer Price Index (CPI) used? __________________


5. What data must you have to calculate the inflation rate for a specific year? ______________

6. What happens when hyperinflation occurs over an extended period of time? ______________

Describe three theories of the causes of inflation.

7. __________________

8. __________________

9. __________________

How does inflation affect each of the following?

10. purchasing power __________________

11. fixed income __________________

12. savings __________________

B. Reviewing Key Terms
Define the following terms.

13. inflation rate __________________

14. deflation __________________

15. Consumer Price Index __________________

16. inflation __________________

17. wage-price spiral __________________

18. price index __________________