



NAME: _____

CLASSROOM LAW PROJECT

INFLATION

VOCABULARY

Directions: Frontload (introduce and review) these vocabulary words with your students to facilitate their understanding of the topic and coinciding resources:

1. **Inflation** (n.) - A general increase in prices and fall in the purchasing value of money.
2. **Economic Policy** (n.) - The actions that governments take in the economic field. It covers the systems for setting interest rates and government budget as well as the labor market, national ownership, and many other areas of government interventions into the economy.
3. **Federal Funds Rate** (n.) - The interest rate that banks charge other institutions for lending excess cash to them from their reserve balances on an overnight basis.
4. **Consumer Price Index (CPI)** (n.) - An index of the variation in prices paid by typical consumers for retail goods and other items.
5. **Core Inflation** (n.) - The change in prices of goods and services except those from the food and energy sectors.

CURRENT EVENT ESSENTIAL QUESTIONS

Directions: As you read through news and other resources about TOPIC, consider the following questions:

- What is inflation?
- Should there be a negative or positive association to the term inflation? Explain.
- According to most economists, what are the primary drivers of inflation?
- What are the actions a federal government, such as the United States, can take in order to address concerns about rising levels of inflation?
- What other 'actors' are integral in addressing the concerns over rising levels of inflation?
- What are the short and long term effects of rising inflation and the actions that may be taken in addressing inflation?
- What are the similarities and differences in the Keynesian understanding and approach to inflation and Milton Friedman's?