

CHAPTER  
**13**  
SECTION 2

**GUIDED READING AND REVIEW**

**Inflation**

**3**

### As You Read

As you read Section 2, answer the following questions. Then apply your knowledge to the Guiding Question:



#### What are the causes and effects of inflation?

1. What would you use to see how prices have changed over time? \_\_\_\_\_  
\_\_\_\_\_
2. What does the example of the Barrows' house increasing from \$12,000 to \$150,000 over 50 years show? \_\_\_\_\_  
\_\_\_\_\_
3. How is the Consumer Price Index used? \_\_\_\_\_  
\_\_\_\_\_
4. How does the Bureau of Labor Statistics determine the CPI? \_\_\_\_\_  
\_\_\_\_\_
5. How do analysts use the core inflation rate? \_\_\_\_\_  
\_\_\_\_\_
6. What happens when hyperinflation occurs? \_\_\_\_\_  
\_\_\_\_\_

Describe three theories of the causes of inflation.

7. \_\_\_\_\_
8. \_\_\_\_\_
9. \_\_\_\_\_

How does inflation affect each of the following?

10. purchasing power \_\_\_\_\_
11. savings \_\_\_\_\_

### Reviewing Key Terms

Define the following terms.

12. inflation rate \_\_\_\_\_
13. deflation \_\_\_\_\_