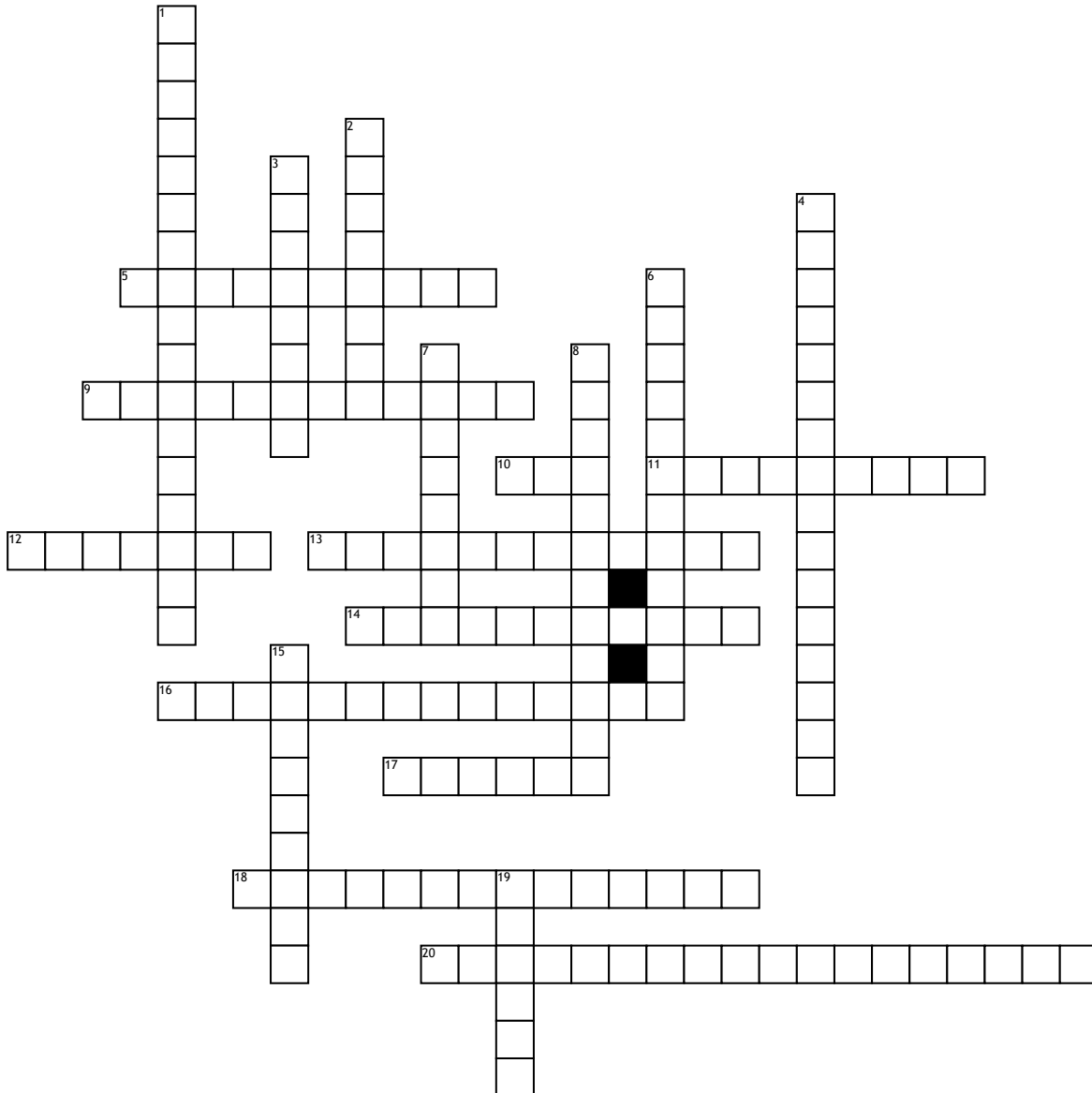


Name: _____

The effects of inflation



Across

5. inflation tends to affect poor more than those who are better off
9. this results from a combination of inflation and a progressive income tax
10. distribution effects can be counteracted by linking nominal values to a price index such as?
11. inflation increases/decreases the costs of export industries and import competing industries. (choose the correct word)
12. taxes are levied on income?
13. inflation tends to income and wealth from the elderly to the young
14. what activity often occurs in place of productive investment in new factories, machines and other equipment?
16. when the inflation rate becomes very high it is called?

17. what would inflation discourage if there is decrease in the value of existing savings?

18. increased government revenue from taxation through inflation is also called the?
20. "price increases make people unhappy and different groups in society start blaming one another for increases in the cost of living". this is an example of what effect of inflation?

Down

1. inflation can create problems in the?
2. which inflation effect results in higher unemployment?
3. what type of inflation deals with the public's assumptions of inflation?
4. what is the difference between the nominal interest rate and the inflation rate?

6. which effect of inflation deals with borrowers benefiting at the expense of creditors?

7. if the nominal interest rate is lower than the inflation rate, then the real interest rate is?
8. decision makers in the private sector tend to become more concerned with inflation than seeking out profitable new production opportunities
15. a reduction of the general level of prices in an economy is called?
19. if the real interest rate is positive, the redistribution of income/wealth falls away. (choose correct word)