**Economics 120 Credit Assignment Outcome 4.2– Inflation**

1. **Skim through the document describing the consumer price index (CPI)**

**Why is this a good measure of the inflation rate?**

1. **Activity: What would be your (or your family’s) Consumer**

**Price Index?**

1. **Think back to a time when we bought clothing and sports equipment, bought lunch, put gas in the car, and went to see a movie. What would you have spent on these items in the run of a month?**

**OR**

1. **if you are not personally a big spender…..ask a parent what the general costs are for your family to live – housing, food, gas and car expenses, clothing and recreation – for a month**
2. **Take that total and plug it into the inflation calculator (link below) with the year 2020, then play around with comparing that with other years to see what the total would have been back then – check out the year you were born, or the year a parent would have been in school – even your grandparents, to see what the differences are. List one comparison here:**

<https://www.bankofcanada.ca/rates/related/inflation-calculator/>

1. **What would *hyperinflation* be? Find an example of a country that experienced this at some point. What seems to have been the cause of the hyperinflation? What was the effect on that country?**