**Economics 120 Weekly assignment for May 18th – Inflation**

When I was in high school in the mid-1980s and wanted to buy something for lunch, I could bring $1.00 to school to by a small fries with gravy (this was back in the days when we could still buy junk food in the school cafeteria). I didn’t usually buy a drink, but a pop (that’s all we had for vending machines) would have been 50 cents.

If you were going to buy your lunch now, how much would it cost you? Why so much more?

**Inflation is the reason:**

1. **Watch the Bank of Canada’s video explaining inflation:**

<https://www.youtube.com/watch?v=b2AnmVZjHZg&feature=youtu.be>

1. **What is your definition of inflation?**
2. **Why is it a good thing that the Bank of Canada now controls inflation?**
3. **What would happen if inflation rose above the target of 2-3%?**

**Remember: While inflation does increase prices over time, income also increases (although, not always as quickly as inflation). When I got my first job in 1985, the minimum wage was $3.75. Now, you would get paid $ 11.70.**