

# BELL TO BELL: INFLATION



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**Engage:**  
Get them thinking



**Teach:**  
Share the knowledge



**Practice:**  
Use the knowledge



**Reflect:**  
Assess their learning

## Teaching inflation? We have a plan!

### Engage: The Fed explains...inflation



Inflation is an important economic indicator that is often misunderstood. Have your students listen to the [Economic Lowdown podcast](#) on inflation and answer the following questions:

1. How is inflation defined?
2. What causes inflation?
3. How does the Fed attempt to control inflation?

## Teach: The basics of inflation



Reinforce the information in the podcast with the *Classroom Economist's* [Narrated Presentation on Inflation](#). Students often have a difficult time distinguishing between inflation and a change in the cost of living; [The Fed Explains Inflation](#)\* video discusses the difference. Ask students the following questions:

1. Is an increase in price always due to inflation?
2. How does an increase in the money supply affect the price level?
3. What are three widely known measures of inflation?

\*The video is also available in the [Econlowdown Instructor Management System](#) with a video quiz.

## Practice: What causes inflation?



Tell students they will participate in an activity about the causes of inflation. In steps 21–29 of the [lesson](#), students participate in an auction to learn how too much money can lead to inflation. Students may personalize their inflation experience through the [my CPI tool](#) and discover how inflation has changed over time with this [lesson](#) or during their own lifetimes with the [Lifetime Inflation Activity](#).

## Assess: Baskets, base years, and bias—constructing a student price index



In this [activity](#), students will simulate how changes in the money supply in their classroom economy affect the price of a market basket of goods auctioned in their classroom. Students will then construct a price index using a simplified basket of teen-friendly goods and services. Using their market basket values, students will calculate a student price index and an inflation rate. Students will prepare a short paper or presentation analyzing the validity of using their student price index as a measure of inflation.