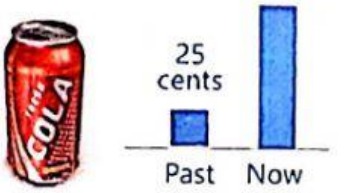
Business



Who Stole My Money?



I remember when a can of Coke was 25 cents. My parents could buy candy for a penny! Today you might pay a dollar for a soda, and nothing costs a penny. So what happened?

Inflation[1], that's what. Inflation is often called "too many dollars chasing too few goods." It's when prices in a country rise **across the board**. If your favorite snack gets a bit more expensive, that's not inflation. But when the price of your snack, bread, sugar, **gasoline**[2], and many other things all rise at the same time, that's inflation. Inflation means your money buys less than it used to.

Experts have different views on why and how inflation happens. One reason for inflation is an **increase**[3] in the **supply**[4] of money. Generally, when the supply of something goes up, the **demand**[5] for it goes down. In other words, its value goes down. So when there is a lot of money **circulating**[6], each piece of money becomes less **valuable**[7].

Questions

_____ 1. What is the article mainly about? ····· •Main Idea•

- a The factors that cause inflation.
- b How governments can prevent inflation.
- c The effects that inflation has on the global economy.
- d Some of the good things about inflation.

_____ 2. What does this passage focus on? ····· •Subject Matter•

- a The supply of money.
- b National taxes.
- c Falling profits.
- d Rising Prices.

_____ 3. Which of the following statements is true? ····· •Supporting Details•

- a Taxes help reduce inflation.
- b When your money buys more, that's inflation.
- c Inflation is caused by one simple factor.
- d Printing more money can lead to inflation.

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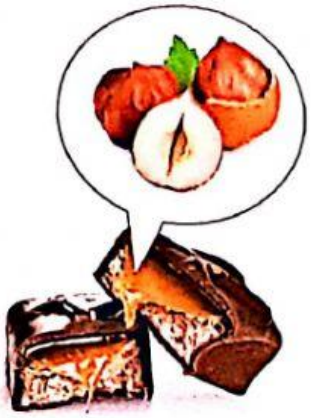


◀ When there is a lot of money circulating, each piece of money becomes less valuable.

Another cause of inflation is a rise in production costs. This means it costs more money to make a particular product. The price of a candy bar may go up if the nuts in it are suddenly more expensive or if the workers making it are paid higher **wages**[8].

Higher taxes can also **cause**[9] inflation. When items are taxed, people who produce goods don't want to see their **profits**[10] go down. Instead, they **raise**[11] their prices. This is called "**transferring**[12] the **burden**[13] to the consumer." It means that producers make the same in profits, and the people buying the products are the ones who suffer.

Inflation is **complicated**[14]. **Track**[15] the prices of some goods you are interested in, and see if you can understand why they've changed over time.



▲ The price of a candy bar may go up if the nuts in it are suddenly more expensive.

_____ **4.** According to this passage, which of the following might cause the price of corn to increase? ····· •Inference•

a A farm technology breakthrough. **b** An increase in seed prices.
c A sudden drop in inflation. **d** Less money circulating in the country.

_____ **5.** Which of the following words is closest in meaning to **across the board** in the second paragraph? ····· •Words in Context•

a Most. **b** Something. **c** Everything. **d** Few.

_____ **6.** What is the information in this article presented as? ····· •Clarifying Devices•

a A narrative with a beginning, middle, and end.
b A biography.
c A personal essay.
d A list of causes and effects.

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