

- **stagflation** (noun) – *when inflation and unemployment are high, and economic growth is low.*
- **to cut** (verb), **(government/tax) cuts** (noun) – *in economics, to reduce government spending or taxes; a reduction in government spending or a reduction in the tax rate.*
- **stamp duty** (noun) – *a tax levied on the purchase or sale of a property.*
- **windfall tax** (noun) – *a tax on excessive profits or unexpected windfalls of a particular company or sector of the economy, usually due to global disturbances like war or natural disasters.*
- **trickle-down economics** (noun) – *economic policies that favour the richest individuals or corporations hoping that this stimulates economic growth thereby benefiting everyone else in society.*
- **to borrow** (verb), **government borrowing** (noun) – *in economics, when a government receives money to spend on public services that it has to pay back with interest at a later date.*

Using the vocabulary words above, complete the following sentences (remember to use the correct form of the word, e.g. verb conjugation or plural noun):

Vocabulary

1. A famous example of _____ happened when Ronald Reagan reduced the highest rate of income tax from 50% to 28%.
2. After the 2008 financial crash, governments around the world _____ government spending in response to the lower tax revenues they were collecting.
3. High _____ make it difficult for businesses to open new locations.
4. If the government _____ to hire more people in the public sector, more people will have money to spend which in turn will stimulate economic growth.
5. Keynesian economists never believed _____ could happen as history suggested that high inflation and high unemployment could not happen at the same time.
6. Labour proposed a _____ on energy companies that saw their profits rapidly increase after Russian gas supplies to Europe were severely reduced.

What Is The Cost-Of-Living Crisis?

Multiple choice

1. The current rate of UK inflation is the highest for how many years?
a) 20 b) 30 c) 40
2. By how much is the average UK gas bill expected to rise?
a) £673 b) £683 c) £693
3. Who usually benefits from rising prices?
a) pensioners b) employees c) employers
4. How are wages predicted to have changed in real terms by 2024?
a) they will have increased b) they will not have changed c) they will have decreased

Sentence completion

5. Poor people will be affected most by the proposed _____ in energy prices.
6. Inflation for the poorest people will be due to _____ costs.
7. Around _____ of adults have made efforts to reduce the amount of energy they use.
8. Having to choose between heating and eating suggests people have fallen below a _____ of acceptable living standards.

Short answer

9. The UK government doesn't have enough money to make what?
10. When does the Bank of England expect inflation to return to its pre-pandemic levels?
11. What was the price of the long-term average for UK gas futures until the recent crisis?
12. In which year did the UK government pay £32 per person in the North of England?

5. Cost-Of-Living Crisis Writing Task

Write about your opinion of the cost-of-living crisis. Try to use some of the vocabulary you learned earlier in this lesson. In your answer, you could include some of the following topics:

- What caused the crisis.
- What governments are doing to address the crisis.
- What you think should be done to address the crisis.

			
			