

- **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):**

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.

## Vocabulary

## What Is The Cost-Of-Living Crisis?

## Multiple choice

## 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.

