

6. A retired couple lives entirely on income from a pension the woman receives from her former employer.

H G U

Explain:

7. A retired man lives entirely on income from Social Security.

H G U

Explain:

8. A retired bank official lives entirely on income from stock dividends.

H G U

Explain:

9. The federal government has a \$5,000,000,000 debt.

H G U

Explain:

10. A firm signs a contract to provide maintenance services at a fixed rate for the next five years.

H G U

Explain:

11. A state government receives revenue mainly from a progressive income tax.

H G U

Explain:

12. A local government receives revenue mainly from fixed-rate license fees charged to businesses.

H G U

Explain:

13. Your friend rents an apartment with a three-year lease.

H G U

Explain:

14. A bank has loaned millions of dollars for home mortgages at a fixed rate of interest.

H G U

Explain:

15. Parents are putting savings for their child's college education in a bank savings account.

H G U

Explain:

16. What conclusions can you draw about who is helped and who is hurt by unanticipated inflation?

17. If you were certain that the inflation rate would be 10 percent a year for the next 10 years, how might your behavior change? Does your answer depend on who you are? Student? Worker?