

TOPIC I I

Inflation

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- What is the relationship between unemployment and inflation?

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 - There are multiple price indices, including for producers

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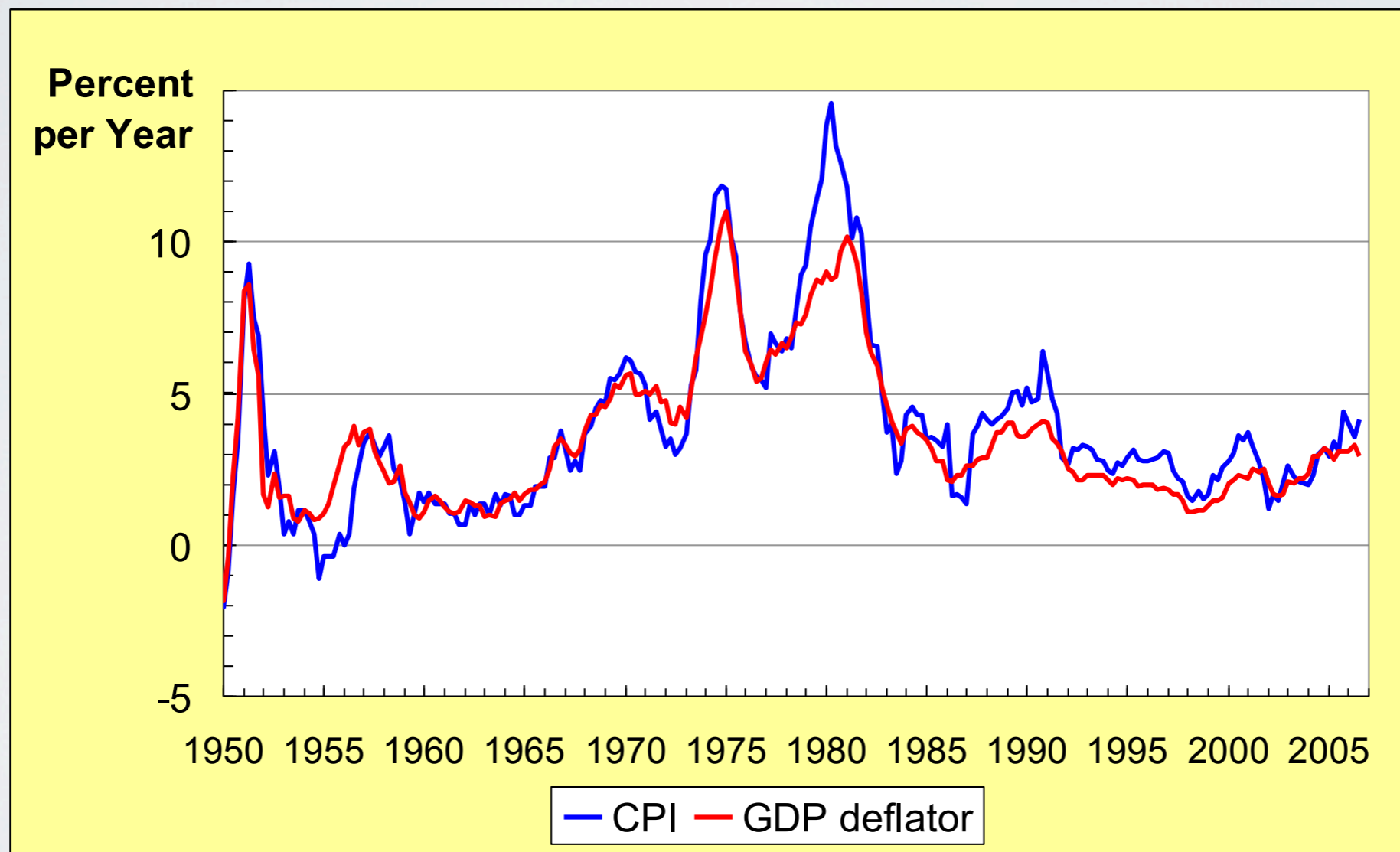
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- How will this compare to GDP inflation?

CPI V. GDP INFLATION



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 - Even predicting high inflation banks need to charge high interest rates

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- Inflation-induced tax distortions: more on this later