





Income  
Pyramid


Borrowers/those whose incomes  
come mostly from Wages

High  
Incomes



Low Incomes

Lenders/Individuals whose  
incomes come mostly from  
Capital Gains and Interest  
Income



**Lose** during inflationary  
periods: Inflation erodes  
their real returns and they  
are unfairly taxed

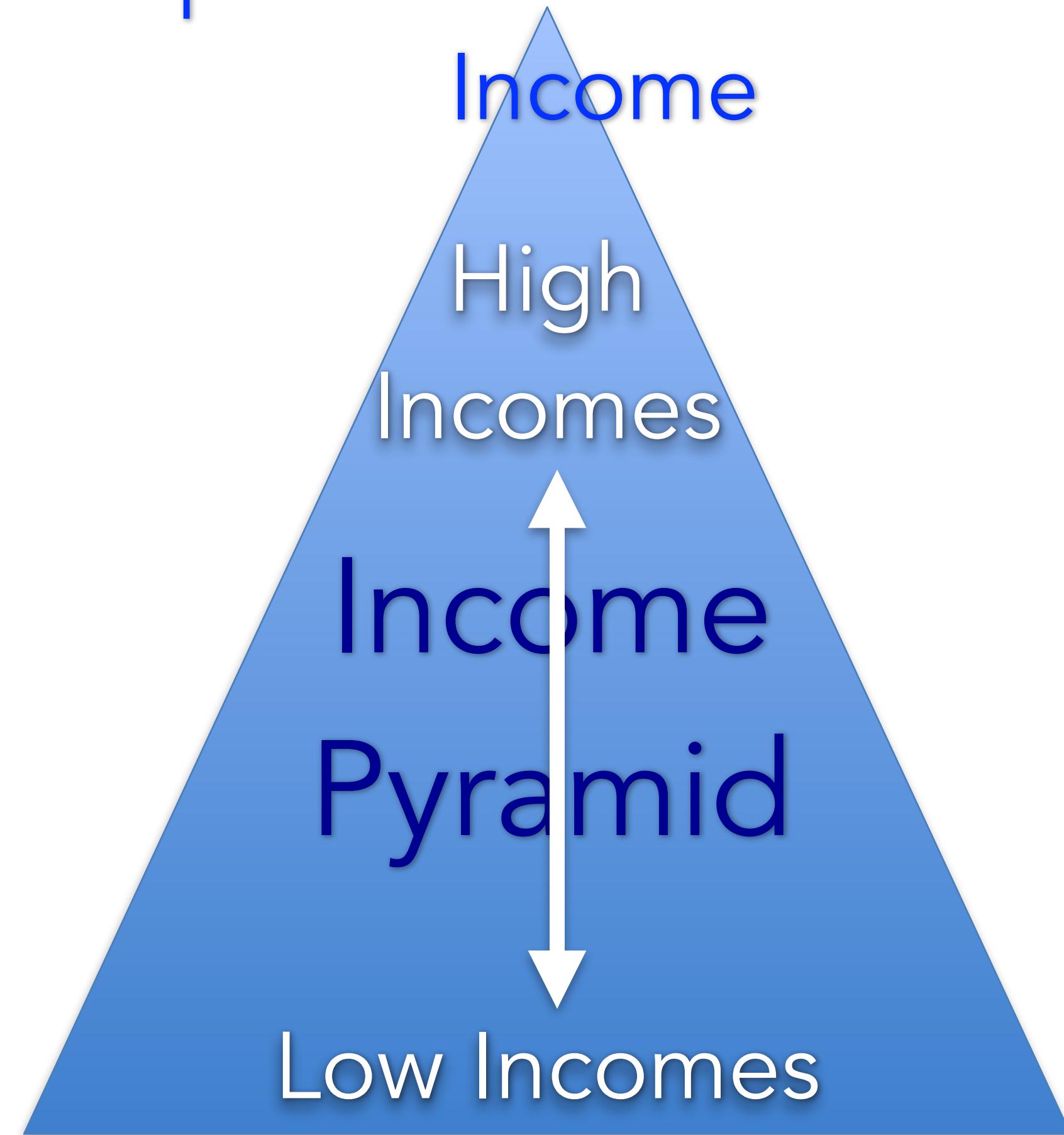
**Gain** during inflationary periods: Borrowers pay less in real terms and most wages are protected from inflation by their labor contract



Lenders/Individuals whose  
incomes come mostly from  
Capital Gains and Interest  
Income



**Lose** during inflationary  
periods: Inflation erodes  
their real returns and they  
are unfairly taxed



Borrowers/those whose incomes  
come mostly from Wages



**Gain** during inflationary  
periods: Borrowers pay  
less in real terms and  
most wages are protected  
from inflation by their  
labor contract



