

Answer on Question #38045 - Economics - Macroeconomics

Fighting Inflation Keynesians would advocate a decrease in the money supply (contractionary monetary policy), which would increase interest rates, decrease spending, decrease AD, and decrease prices and real output.

Fighting Unemployment Keynesians would advocate an increase in the money supply (expansionary monetary policy), which would decrease interest rates, increase spending, increase AD, increase prices and output, and decrease unemployment.

So, they prefer expansionary policy, as the output will decrease.