

**Answer on Question #38869 – Economics – Macroeconomics**

The inflation rate is 10 percent, and the central bank is considering

**Solution**

The inflation rate is 10 percent, and the central bank is considering slowing the rate of money growth to reduce inflation to 5 percent. Economist Milton is more likely to favor the proposed change in the monetary policy because he believes that expectations of people are sluggish and a central bank monetary policy is needed to reduce the inflation. Milton argues that expectations will change quickly, starting a monetary policy that would decrease the inflation now could have unexpected results in the future, since expectations will change faster than expected.