

## Chapter 18 Concepts

There is no homework due for Chapter 18, however you might want to read about the concepts below. This material will support classroom lectures and questions on the unit test and the AP exam.

1. What is wait unemployment?
2. What is the natural rate of unemployment?
3. What two things does the Phillips curve show the tradeoff between?
4. What role do expectations play in the inflation rate and monetary policy?
5. What are the differences between the short run and long run, when it comes to fiscal and monetary policy designed to lower unemployment?
6. What did Milton Friedman's conclusions about the Phillips curve show?
7. What is the rational expectations model?
8. After the increase in AD due to expansive monetary or fiscal policy, what happens to price level and the SRAS curves?