



**College of Business Administration
Department of Economics
Aggregate Economic Conditions & Analysis
Lecturer: O. Mikhail
ECO 6206-0001
Spring 2003**

Assignment VII

Question I

Rational Expectations and Measures of Expected Inflation

How would the hypothesis of rational expectations help us to measure inflationary expectations? What seem to be the pluses and minuses of this approach?

Question II

The Livingston Survey

Consider the Livingston survey of inflationary expectations. What are the pluses and minuses of using this type of information to measure expected rates of inflation?