

Why Use the NAIRU Phillips Curve?

Ratios of Errors of NAIRU and Naive Model* Forecasts of Inflation for 1984–99,
Made With Alternative Indicators and Measures

Inflation Indicator	Inflation Measure†	Range of Ratio of NAIRU/Naive RMSEs**	
		Minimum	Maximum
Unemployment Rate	PCE Deflator	1.02	1.34
	CPI	.99	1.32
	Core CPI	1.06	1.94
Activity Index‡	PCE Deflator	1.04	1.23
	CPI	1.06	1.32
	Core CPI	1.33	1.81