Monetary Policy

1. Monetary Policy is…
2. Monetary Policy is run and directed by

And used to…

1. The federal reserve is set up by a
2. ***Tools of Monetary Policy:***
3. *Reserve requirements are*

*They are used to*

*If the economy needs a pick-up, RR’s can be*

*If the economy needs a slowdown, RR’s can be*

1. *Discount Rates are*

*They are used to*

*If the economy is slow, discount rates can be used*

*If the economy (inflation) is growing too rapidly, discount rates can be used to*

1. *Open Market Operations are*

*They are used by*

*If the economy is slow, the OMC can*

*If the economy (inflation) is growing too quickly the OMC can*

1. *Moral Suasion is*

***Fiscal Policy***

*Fiscal Policy is…*

*Fiscal Policy is run and directed by…*

***Tools of Fiscal Policy:***

1. *Taxing:*
   1. *Taxes affect the economy by*
   2. *If the economy needs a boost, the Government can*
   3. *If the economy needs to slow down, the Government can*
   4. *The ability to pay principle is*
   5. *The benefit principle of taxation is*
   6. *The incidence of a tax is*
   7. *Types of Taxes…*
      1. *Progressive taxes are*
         1. *Example*
      2. *Regressive taxes are*
         1. *Example*
      3. *Proportional taxes are*
         1. *Example*
      4. *Excise tax*
         1. *Example*
      5. *Estate tax*
         1. *Example*
2. *Spending:*
   1. *Types of spending*
      1. *Mandatory spending is*
         1. *Examples*
      2. *Discretionary spending is*
         1. *Examples*
   2. *If the economy needs a boost, the government can*
   3. *If the economy needs to slow down, the Government can*

*The Government’s role in the economy is to*