Recap Notes: 5/15

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| Fiscal Policy V. Monetary Policy |
| * Changes in government spending & tax policies
* Cut spending or change tax policies to stimulate economy & put more money in hands of consumers
* Part of Congressional policy
* Government Regulations of businesses & public services
 | * Controlling the supply of money & the cost of borrowing money (interest rates)
* Separate from Congress
* Federal Open Market Committee (FOMC): helps regulate monetary policy through discount rates & trade securities
* Controlled by Federal Reserve
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Federal Reserve:

* <https://www.youtube.com/watch?v=9t2ifgMscDA>
* Controls Monetary Policy
* “Discount Rate” -> interest rate the Federal Reserve charges on its loans to commercial banks
* Chairman -> head of Federal Reserve

Inflation:

* Economic Indicator – Consumer Price Index