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 |

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