

NAME: _____

DATE: 02/09A-12B/2018

ASSIGNMENT: Fiscal and Monetary Policy

DIRECTIONS:

Fiscal Policy represents the measures Congress and the President can take to enact legislation to improve economic outcomes. This includes stimulus spending, austerity, and changing the tax code.

Monetary Policy is the set of options a government's Central Bank, like the Federal Reserve in the USA, can take to increase or decrease the flow of money to improve economic outcomes.

Used in concert, both policies can significantly impact an economy.

1.) Ted Cruz argues that government overreach is the reason that GDP growth has slowed in recent quarters. Explain whether this make Cruz a classical or Keynesian economist.

2.) If the economy heated up to a point where inflation reached 6%, unemployment hit 2%, and GDP growth hit 4.5%, would governments enact expansionary or contractionary policy? Describe specific strategies leaders would utilize within both Monetary and Fiscal Policy.
