

Crash Course U.S. Government - Day 71

1. What is **monetary policy**? _____

2. What was the **Federal Reserve System** created to do? _____

3. What are its two main tasks?

1) _____

2) _____

4. What is the main way that “the Fed” controls the money supply? _____

5. What is **inflation**? _____

6. What is **fiscal policy**? _____

7. According to the theory of supply-side economics, what will happen to the economy when taxes are lowered on individuals and businesses? _____

8. What are examples of **mandatory spending**? _____

9. What are some examples of **discretionary spending**? _____

Answers

1. the way government regulates the amount of money in circulation in a nation's economy
2. to serve as America's central bank
3.
 - 1) control inflation
 - 2) encourage full employment
4. setting interest rates
5. a general rise in prices
6. the government's ability to raise taxes and spend that money
7. it will grow because people are able to spend more, and businesses are able to invest more
8. interest payments, farm subsidies, social security, medicare
9. military/defense spending, medicaid, education