

Unit 6
Fiscal and Monetary Policy

McConnell and Brue (15th) Chapters 12 through 15, 29 (Loanable Funds)

What to cover:

- Employment Act of 1946
- Countercyclical Options
- Expansionary Fiscal Policy, Contractionary Fiscal Policy
- Deficit Spending
- Government Spending Advantages
- Stabilizers
- Progressive Tax System
- Crowding Out Effect
- Federal Reserve System
- Federal Reserve Duties and Tools
- Fed Fund Rate/Discount Rate/Prime Rate/Open Market Operations
- Money Supply, Money Demand
- M-1, M-2
- Liquidity
- Demand Deposits
- Required Reserves
- Excess Reserves
- Reserve Multiplier/Monetary Multiplier ($1/rr$)
- Loanable Funds/Private Savings Market
- Bond Market
- Easy Money versus Tight Money

Items not found on prior macro exams:

- Political Business Cycle
- Functions of Money
- Values of Money
- Thriffs

Graphs for the Chart:

- Money Market
- Loanable Funds/Private Savings Market
- Crowding Out Graph Graphs