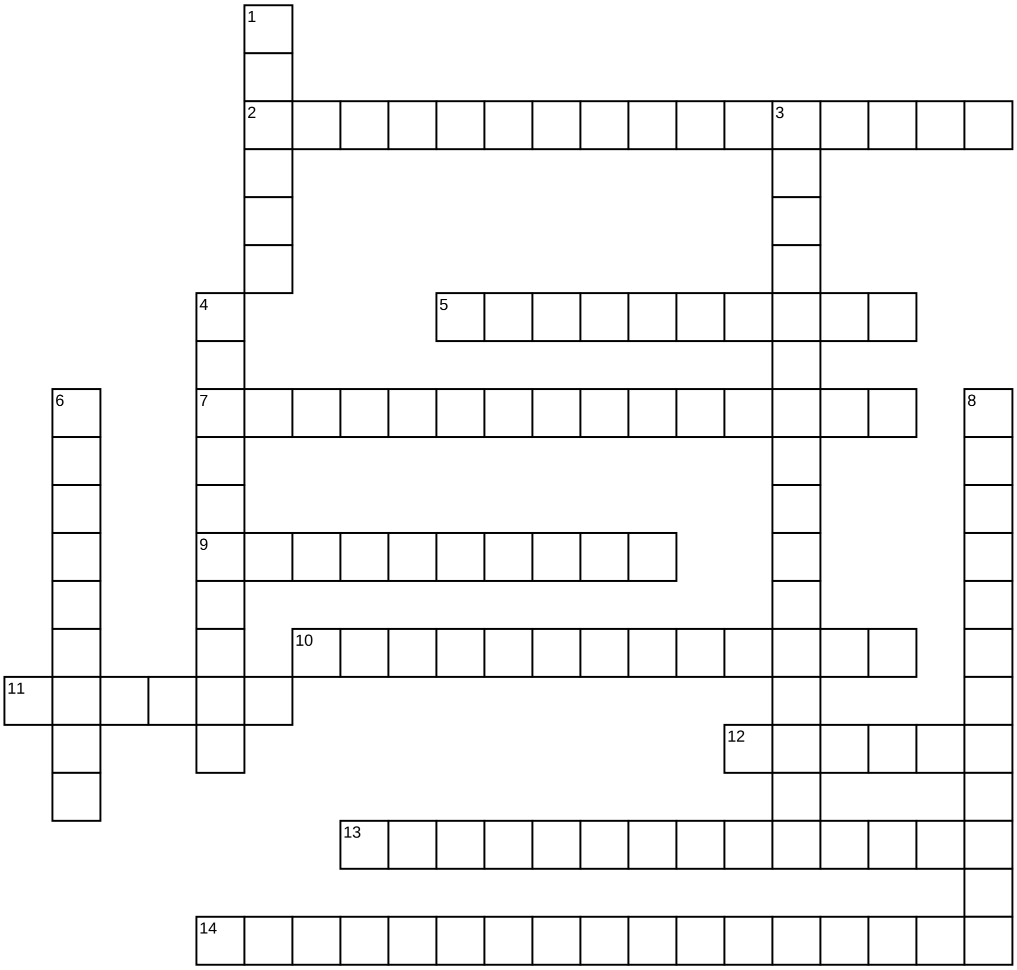
Chapter 14: Fiscal and Monetary Policy



ACROSS

2 Fiscal policy decisions don’t have an immediate impact because this takes time

5 The goal of this policy is to increase production

7 To encourage economic growth and increase spending the Fed lowers interest rates and buys these. If the Federal Reserve uses open market operations, it will buy or sell these The Federal Reserve buys these to encourage economic growth

9 This economic school of thought says that the changing money supply is what causes ups and downs in the economy

10 Borrowing, spending, demand & inflation decrease when these go up

11 According to this curve, if tax rates go up, govt income will go up and higher taxes discourage people from earning higher incomes

12 Creating federal jobs so that workers can spend more money is an example of this type of policy

13 This organization is responsible for setting and carrying out monetary policy

14 When the government borrows so much that interest rates go up so high that businesses can’t afford to borrow $

DOWN

1 Economists who advocate for more deficit spending are trying to increase this

3 Americans worry about the national debt because they fear the government will be go bankrupt, worry about future generations and don’t like paying interest to these, which hold 1/3 of US debt.

4 In order to reduce inflation caused by the oil crisis in the 1970s, the Federal Reserve adopted this policy

6 This group of individuals and institutions hold 2/3 of US debt.

8 Lawmakers sometimes limit govt spending when they are worried about this

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Solution:

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