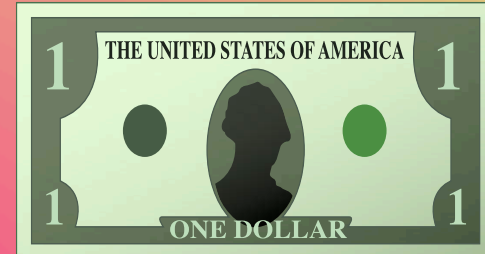


Two major instruments for influencing economic activity are monetary and fiscal policies.

Changes in fiscal and monetary policies can stimulate or slow the economy.

The Federal Reserve Board controls monetary policy by changing the availability of funds to be loaned or adjusting interest rates.



The government can use fiscal policies which are changes in taxing, changes in spending, and the issue of government bonds to influence economic activity.

The Federal Reserve System serves as the United States central bank.



Three instruments of monetary policy are reserve requirements, discount rates, and open market operations.

Wall Street

IRS

The student will demonstrate knowledge of the role of government in the Virginia and United States economies by: a) analyzing the impact of fiscal and monetary policies on the economy.