

FOUR MAJOR

MACRO GOALS

OF NATIONS

ONE.

LOW AND STABLE INFLATION

BUT HOW DO WE MEASURE IT
ACCURATELY AND CONTAIN IT
EFFECTIVELY?

TWO.

LOW

UNEMPLOYMENT

BUT HOW DO WE MEASURE IT, AND

HOW DO WE KEEP IT LOW?

THREE.

HIGH ECONOMIC GROWTH

HOW IS SUSTAINABLE ECONOMIC
GROWTH ACHIEVED?

ARE THERE SHORTCUTS?

WHAT TOOLS DO WE HAVE TO HELP?

FOUR.

LIMIT THE DEGREE OF INCOME

INEQUALITY

IN A CAPITALIST SYSTEM, THERE

WILL BE INCOME INEQUALITY -

BUT HOW MUCH IS TOO MUCH?

WHEN DOES IT BECOME A PROBLEM?

MACROECONOMIC POLICIES

to influence the Business Cycle and help accomplish the big four macroeconomic goals

<https://www.khanacademy.org/economics-finance-domain/macroeconomics/aggregate-supply-demand-topic/monetary-fiscal-policy/v/monetary-and-fiscal-policy>

MONETARY POLICY

Printing money

central bank

Federal Reserve (“The Fed”)

Uses electronic money to buy debt

Basically the same as lending \$
(by buying bonds)

Result: greater supply of money in
the economy

FISCAL POLICY

Taxation + borrowing = 2 sources
of revenue

Government

Spending is the third dimension
(can spend within means of
taxation or spend beyond
government’s means and borrow
more money = more debt)

Both types of policies can be EXPANSIONARY or CONTRACTIONARY