

8. Define monetary policy.
9. Describe how the Federal Reserve uses the tools of monetary policy to promote price stability, full employment, and economic growth.
10. Describe open market operations.
11. Describe the discount rate.
12. Describe the federal funds rate.
13. Describe the reserve requirement.
14. How would the Federal Reserve respond in a recession?
15. How would the Federal Reserve respond if there were too much inflation?

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16. Define fiscal policy.
17. What would the government do in a recession in regards to taxes and spending?
18. What would the government do when there is too much inflation?