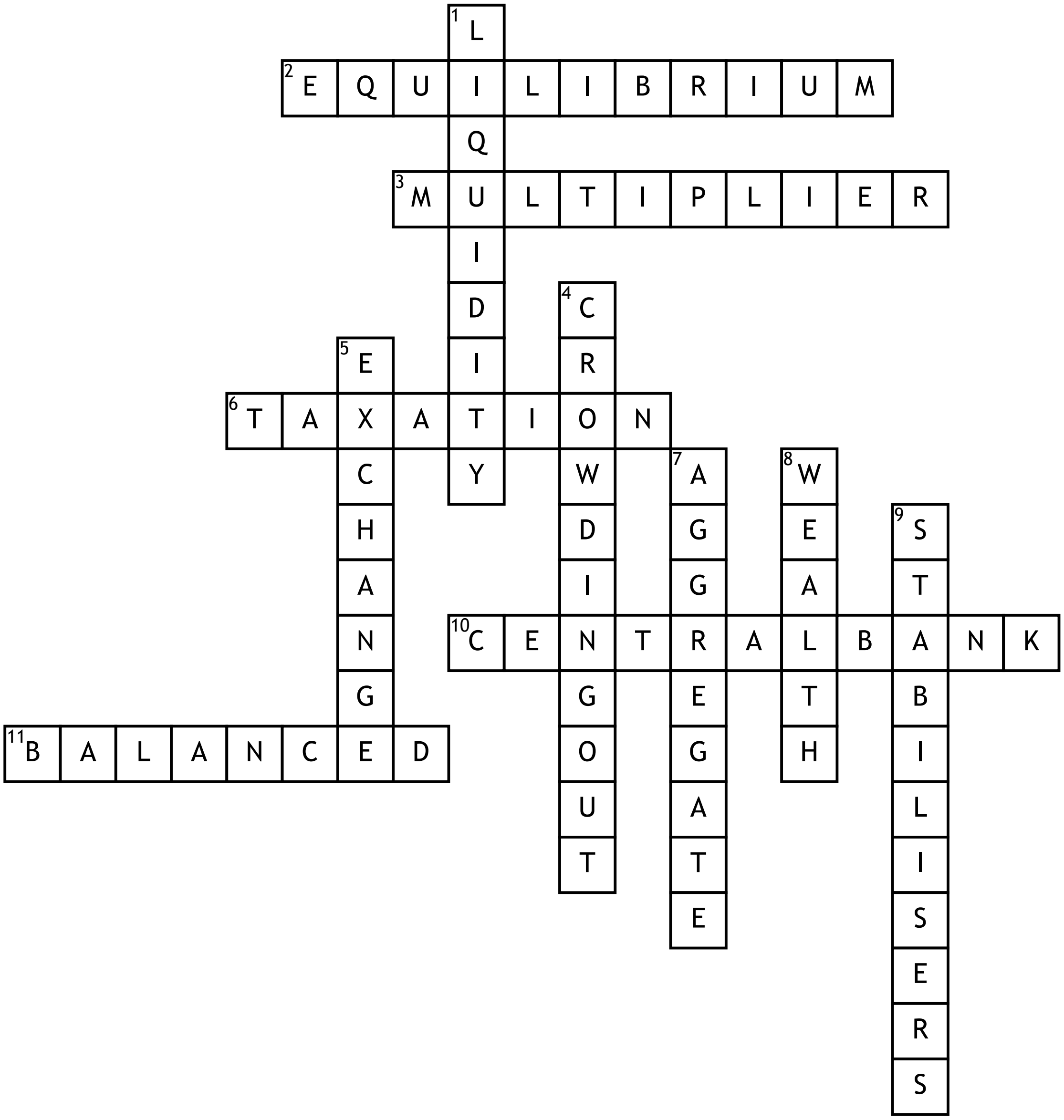
Monetary Policy



Across

2. According to Keynes theory the interest rate adjusts to bring the quantity of money supplied and the quantity of money demanded into balance, this is know as _____ in the money market

3. What effect tends to amplify the effects of fiscal policy on aggregate demand?

6. Other than government purchases, what is an important instrument of fiscal policy?

10. Who controls the supply of money?

11. In what type of budget is the total sum of money received by a government equal to the amount it spends

Down

1. Keynes proposed a theory known as the 'Theory of __________ Preference' to explain what factors determine an economy's interest rates

4. The reduction in aggregate demand that results when a fiscal expansion raises the interest rate is known as the _______ effect

5. What rates effect investors money overseas and domestically?

7. Collective demand by combining multiple elements

8. Regarding the influences of monetary policy, a lower price level raises the real value of household holdings and higher real wealth stimulates consumer spending. What effect is this?

9. Automatic ______ are changes in fiscal policy that stimulate aggregate demand when the economy goes into a recession without policy makers having to take any deliberate action