FINAL PROJECT: TAXES AND SUCH

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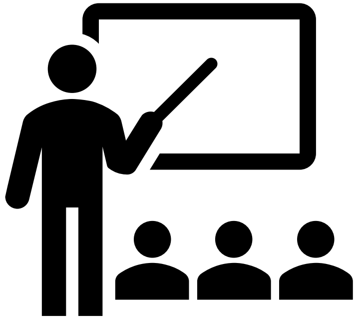
Scenario #1: The unemployment rate has fallen to its lowest level in decades, and the core consumer price index (CPI)–excluding volatile food and energy items–remains stable. Investment, especially in technology, remains strong, and productivity continues to rise at a rapid pace by historical standards. Meanwhile, real gross domestic product (GDP)–GDP adjusted for inflation–continues to expand rapidly.



- **Which policy it is (fiscal or monetary)?**

Monetary policy

- **Plan to stimulate the economy?**

Expensionary policy

- **What are the risks associated with over stimulating the economy?**

It can reduce the economic growth achieved, and ends up having an increase in unemployment in the cou ntry, which had already been regulated

- **what is are the risks associated with over tightening monetary or fiscal policy?**

It can increase the money supply, have lower interest rates, serving to promote spending and make money-saving relatively unfavorable

- **What other information not provided in the scenario might have changed your recommendation? Provide an example.**

It should have to find an even better situation for the proposed scenario or continue with the good situatio n it already had, and searching for that, a lower interest rates mean that businesses and individuals can sec ure loans on convenient terms to expand productive activities and spend more on big-ticket consumer goods.

- **Scenario #2:** That problem is inflation. Inflation can threaten all the economic gains we've made, and it can stand in the way of what we want to achieve in the future. This has been a long-time threat. For the last 10 years, the annual inflation rate in the United States has averaged 6-1/2 percent. And during the three years before my inauguration, it had increased to an average of 8 percent. If inflation gets worse, several things will happen. Your purchasing power will continue to decline, and most of the burden will fall on those who can least afford it. Our national prosperity will suffer. The value of our dollar will continue to fall in world trade.… Inflation is obviously a serious problem. What is the solution?

- **Which policy it is (fiscal or monetary)?**

Monetary policy

- **Plan to stimulate the economy?**

Contractionary policy

- **What are the risks associated with over stimulating the economy?**

Increased money supply in the market aims to boost investment and consumer spending

- **What are the risks associated with over tightening monetary or fiscal policy?**

This can slow economic growth and increase unemployment, but can also increase money supply, raise the cost of living and cost of doing business.

- **What other information not provided in the scenario might have changed your recommendation? Provide an example.**

Helping society and helping the country is what matters for the economy, and when you do both consider that your effort was worth it, and with a contractionary policy we can help with inflation and help the people to get out of it.

Sources:

- https://www.youtube.com/c/ACDCLeadership
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