**Monetary & Fiscal Policy**

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| **Policy** | **Fiscal** | **Monetary** |
| **Taxes** | **Spending** | **OMO**(Bonds) | **Discount Rate**(Interest Rate) | **Reserves** | **Interest on reserves**  |
| ExpansionaryDuring a contraction | ↓ Lower Taxes(Consumers & Businesses) | ↑ IncreaseGov. spending | OMOBuy Bonds | Discount Rate↓ DR | Reserve Requirement Ratio↓ RRR | Interest on reserves ↓ IR  |
| ContractionaryDuring expansion to fight inflation | ↑ Increase Taxes | ↓ DecreaseGov. spending | OMOSell Bonds | Discount Rate↑ DR | ↑ RRR | ↑IR  |