

13.10: Introduction to Monetary Policy and Economic Outcomes

What you'll learn to do: explain how monetary policy affects GDP and the interest rates



Expansionary and contractionary monetary policies affect the broader economy, by influencing interest rates, aggregate demand, real GDP and the price level. In this section, we will take a look at the mechanisms by which monetary policy plays out. We will also review some of the Federal Reserve's policies over the last four decades and the impact its decisions had on the economy.

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