

# Federal reserve chair game

[Government](#)



**ASSIGN  
BUSTER**

Using the concepts you've been studying, describe how the game shows the use of monetary policy?

Based on the monetary policy, the authority controls the supply of money through targeting the interest rate to promote economic growth and stability. Having relatively low price level and less unemployment rate are the main goals. Therefore, this game also adjusts the federal interest rate in order to retain the lowest unemployment rate and improving the economic stability by maintaining low inflation rate that increase the economic stability. So, we can say that this game controls the monetary policy.

How can unforeseen circumstances effect the economy? Give examples.

If the supply of money is not controlled by the monetary authority, there would be some chances that would affect the economic stability such as high inflation rate and unemployment rate may cause the issue to the current financial need and finally cause the high risk to the country.

How does the Fed react to these circumstances? Did you get re-appointed? Why or why not?

To keep the inflation rate low and stable around 2 percent and unemployment rate account 5 percent are recommended. In this case, it is necessary to have fed rate around 4.5 and also it needs to be revised every 3 months for next four years. If the rate will increase by 7.5 percent, unemployment rate would be around 4.69 percent, inflation rate as 2.26 percent. Therefore, the inflation will be higher as well as the unemployment rate. No, I was dismissed from the high inflation rate because I cannot control the monetary polity even form two times opportunity