

# [Fiscal and monetary policy control in u.s case study sample](https://assignbuster.com/fiscal-and-monetary-policy-control-in-us-case-study-sample/)

[](https://assignbuster.com/)[Economics](https://assignbuster.com/essay-subjects/economics/), [Currency](https://assignbuster.com/essay-subjects/economics/currency/)

## Introduction

The Federal Reserve is one of the mysterious parts of the U. S economy. It is mandated with regulating the U. S economy. It exerts a lot of influence to the development and growth of the economy. It works as the central bank of the U. S. The Federal Reserve was established mainly to control the circulation of currency in the country. It was approved by the government of the congress.

## Should the president and the congress control the Federal Reserve?

The Federal Bank serves both the public and the private institutions. Though it was initially formed and approved by the Congress, its operations are fully autonomous. Its intention was to serve bankers. They are the bankers who wanted the central bank and not the government to help control occasional bankruptcy that was common to fractional reserve banks.

The structure of the Federal Reserve is formed in such a way that it is able to stand by itself financially, therefore requires little support from the government. To this end it needs to be independent. The support is mainly from interests gained from market operations for instance; government securities, foreign currency investments as well as banking process and the fees received from the services it provides.

The control by the President and the Congress should only serve in the Federal Reserve purposely to meet public interest. The monetary policy control requires to be independently left in the hands of the Federal Reserve. This will give the Fed smooth operation to serve the public and the government. Such services include acting as the government bank by controlling some government transactions, controlling and monitoring the value of currency without serving political interests (Schiller, 2013).

## Reference

Schiller, B. (2013). The macro economy today. New York: McGraw-Hill Irwin.