

# [The gross domestic policy](https://assignbuster.com/the-gross-domestic-policy/)

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The gross domestic policy is the same as business circle. It works in a way that when the gross domestic policy of a country has an expansion then the country has an expansion in its business. When the county’s gross policy goes down or declines then in that country the business moves into a recession (Escobedo, (n.

d)). With this, the economics agencies in charge, has to do something to keep the balance of trade. This keeps the country’s financial stability. Many government agencies determine the national fiscal policies stabilizing the county’s economy. The agencies deal with interest rates and tax, the government spending with an aim of controlling economy. The government has bodies that determine national physical policies, some of these bodies include; the International Revenue Service (IRS).

This body deals with the taxing of the public, it also hel in setting up the sales taxes for the services and goods that take place in the nation. Another one is the Federal Reserve Act (FRA). This body deals with the setting of the monetary policy. Particularly to effectively promote the goals of utmost employment, moderate long-term interest rates, stable prices. Financial stability is very important in the achievement of the goals.

Fiscal policy is using the government taxation and spending in influencing the economy (Gross Domestic Policy, 2009). With this, the government is able to determine the level of taxation to impose to the businesses in the nation. This creates fairness in the way of administering taxes in the country. Government spending and taxes may affect the economy both positively and negatively. If the government spends much money on projects that are geared to develop the community, the economyy is bound to grow. If such projects are intensively labor oriented, the people of the nation are bound to benefit from it.

It will have automatically created employment for them. As we have said that such projects are development oriented, they will contribute to the creation of opportunities for the people of the nation, to earn and contribute to the nation’s earning. Such projects are creating good road networks that open up resourceful regions of the country, building more schools, colleges, and universities to equip young people with knowledge for the economic growth. The other part that would affect negatively is if the government uses the countries resources for projects that will not yield returns. Such projects are such as equipping public offices with prestigious furniture, buying cars for government officials that consume a lot of fuel, as well as having high maintenance cost.