

The President's Dilemma:
5-Year Fiscal & Monetary Policy Plan
for the U.S. Economy

Group Members:

YEAR 1--2019

FISCAL POLICY RECOMMENDATIONS

Increases in Tax Revenue/ Cuts in Government Spending	How many billions of dollars?	Reductions of Tax Revenue/ Increases in Government Spending	How many billions of dollars?
Example: Cut in Social Security Budget	\$70 billion	Ex: Cut in Corporate Income Taxes	\$50 billion
TOTAL INCREASES IN TAX REVENUE AND CUTS IN GOVERNMENT SPENDING (DECREASES DEFICIT)		TOTAL LOSSES OF TAX REVENUE AND ADDITIONAL GOVERNMENT SPENDING (INCREASES DEFICIT)	

MONETARY POLICY RECOMMENDATIONS

The Fed should (circle one) RAISE LOWER TAKE NO ACTION ON the Discount Rate so that it is at _____% by the end of 2019.

The Fed should (circle one) BUY SELL TAKE NO ACTION ON U.S. Treasuries to

(circle one) RAISE LOWER MAKE NO CHANGE TO the Federal Funds Rate so that it is at _____% by the end of 2019.

PROJECTED DEFICIT FOR THIS YEAR:	\$985 Billion (\$3.422 Trillion in Tax Revenue MINUS \$4.407 Trillion in Spending)
CURRENT/STARTING OVERALL DEBT:	<u>\$22.0 Trillion</u>
PROJECTED DEFICIT BY THE END OF THIS YEAR (Remember, you start with a deficit of \$985 Billion	\$ _____
PROJECTED OVERALL <u>DEBT</u> BY THE END OF THIS YEAR (any deficit for the year must be added to the existing debt of \$22 Trillion)	\$ _____

YEAR 2—2020

FISCAL POLICY RECOMMENDATIONS

Increases in Tax Revenue/ Cuts in Government Spending	How many billions of dollars?	Reductions of Tax Revenue/ Increases in Government Spending	How many billions of dollars?
Example: Cut in Social Security Budget	\$70 billion	Ex: Cut in Corporate Income Taxes	\$50 billion
TOTAL INCREASES IN TAX REVENUE AND CUTS IN GOVERNMENT SPENDING (DECREASES DEFICIT)		TOTAL LOSSES OF TAX REVENUE AND ADDITIONAL GOVERNMENT SPENDING (INCREASES DEFICIT)	

MONETARY POLICY RECOMMENDATIONS

The Fed should (circle one) RAISE LOWER TAKE NO ACTION ON the Discount Rate so that it is at _____% by the end of 2020.

The Fed should (circle one) BUY SELL TAKE NO ACTION ON U.S. Treasuries to

(circle one) RAISE LOWER MAKE NO CHANGE TO the Federal Funds Rate so that it is at _____% by the end of 2020

PROJECTED DEFICIT FOR THIS YEAR (<u>2020</u>): \$ _____
PROJECTED OVERALL DEBT BY THE END OF THIS YEAR (<u>2020</u>): \$ _____

YEAR 3--2021

FISCAL POLICY RECOMMENDATIONS

Increases in Tax Revenue/ Cuts in Government Spending	How many billions of dollars?	Reductions of Tax Revenue/ Increases in Government Spending	How many billions of dollars?
Example: Cut in Social Security Budget	\$70 billion	Ex: Cut in Corporate Income Taxes	\$50 billion
TOTAL INCREASES IN TAX REVENUE AND CUTS IN GOVERNMENT SPENDING (DECREASES DEFICIT)		TOTAL LOSSES OF TAX REVENUE AND ADDITIONAL GOVERNMENT SPENDING (INCREASES DEFICIT)	

MONETARY POLICY RECOMMENDATIONS

The Fed should (circle one) RAISE LOWER TAKE NO ACTION ON the Discount Rate so that it is at _____% by the end of 2021.

The Fed should (circle one) BUY SELL TAKE NO ACTION ON U.S. Treasuries to
(circle one) RAISE LOWER MAKE NO CHANGE TO the Federal Funds Rate so that it is at _____% by the end of 2021.

PROJECTED DEFICIT FOR THIS YEAR (<u>2021</u>): \$ _____
PROJECTED OVERALL DEBT BY THE END OF THIS YEAR (<u>2021</u>): \$ _____

YEAR 4--2022

FISCAL POLICY RECOMMENDATIONS

Increases in Tax Revenue/ Cuts in Government Spending	How many billions of dollars?	Reductions of Tax Revenue/ Increases in Government Spending	How many billions of dollars?
Example: Cut in Social Security Budget	\$70 billion	Ex: Cut in Corporate Income Taxes	\$50 billion
TOTAL INCREASES IN TAX REVENUE AND CUTS IN GOVERNMENT SPENDING (DECREASES DEFICIT)		TOTAL LOSSES OF TAX REVENUE AND ADDITIONAL GOVERNMENT SPENDING (INCREASES DEFICIT)	

MONETARY POLICY RECOMMENDATIONS

The Fed should (circle one) RAISE LOWER TAKE NO ACTION ON the Discount Rate so that it is at _____% by the end of 2022.

The Fed should (circle one) BUY SELL TAKE NO ACTION ON U.S. Treasuries to
(circle one) RAISE LOWER MAKE NO CHANGE TO the Federal Funds Rate so that it is at _____% by the end of 2022.

PROJECTED DEFICIT FOR THIS YEAR (<u>2022</u>):	\$ _____
PROJECTED OVERALL DEBT BY THE END OF THIS YEAR (<u>2022</u>):	\$ _____

YEAR 5--2023

FISCAL POLICY RECOMMENDATIONS

Increases in Tax Revenue/ Cuts in Government Spending	How many billions of dollars?	Reductions of Tax Revenue/ Increases in Government Spending	How many billions of dollars?
Example: Cut in Social Security Budget	\$70 billion	Ex: Cut in Corporate Income Taxes	\$50 billion
TOTAL INCREASES IN TAX REVENUE AND CUTS IN GOVERNMENT SPENDING (DECREASES DEFICIT)		TOTAL LOSSES OF TAX REVENUE AND ADDITIONAL GOVERNMENT SPENDING (INCREASES DEFICIT)	

MONETARY POLICY RECOMMENDATIONS

The Fed should (circle one) RAISE LOWER TAKE NO ACTION ON the Discount Rate so that it is at _____% by the end of 2023.

The Fed should (circle one) BUY SELL TAKE NO ACTION ON U.S. Treasuries to
(circle one) RAISE LOWER MAKE NO CHANGE TO the Federal Funds Rate so that it is at _____% by the end of 2023.

PROJECTED DEFICIT FOR THIS YEAR (2023): \$ _____

PROJECTED OVERALL DEBT BY THE END OF THIS YEAR (2023): \$ _____