Monetary policy 2. Supervise and regulate depository institutions 3. Maintain Financial system stability 4. Provide payment and other financial services to US gov't, public, FI's, and
foreign official institutions. Wall Street Reform and Consumer Protection Act of 2010 required Fed to do what? Did recapitalizing banks work? No, because banks have not been
eager to increase lending in proportion to capital injections (Bad loan is a bad loan no matter the source of funding for it). Quan Easing affect under old system and new system with
reserve interest. 1.Old system: more reserves lowered fed funds rate 2. New System: No effect if rate is at least .25%. Under new system, is fed funds rate a key indicator of
monetary policy? No, must now look at aggregate bank reserves. Recapitalizing banking systems is a messy and risky business. Governments come under tremendous pressure to
buy all the nonperforming or problematic loans in a distressed banking system, to subsidize the borrowers and to put the banks back on to a profitable basis with a comfortable capital
margin. The goal of lobbyists is that there should be â€œno losers,â€ yet someone has to bear the losses that have been incurred and are reflected in the need for recapitalization.
As a result of these pressures, governments often assume obligations greater than they should, given other priorities for the use President Bank of America National Trust and
Savings Association. â€œDebt in a New Environmentâ€. November 1965 John Kenneth Galbraith Paul F. Warburg Professor of Economics.â But since the twin topics under
review are really fiscal versus monetary policy and discretionary versus automated policy, this title may be too narrow. In this sense, it might better have read â€œThe Future of
Discretionary Fiscal â€“ and Monetary â€“ Policy.â€Â fiscal and monetary policy. Indeed, the appropriate mix of policies has often been the cornerstone of the argument: It was, for
example, early in the Goâ€™s, when we feared that tight money might stunt recovery, might thwart the expansionary impact of the 1962-64 income tax cuts.