Demand-Side Economics

Demand-side economics refers to policies undertaken by the federal government or the central bank to affect the aggregate demand curve of the macro economy. These policies usually include increasing or decreasing deficit spending, and increasing or decreasing interest rates.

Supply-side economics try to affect the aggregate supply side of the economy. Supply-side economics usually involve lowering tax rates and taking other actions that will give individuals and other private actors in the economy incentive to supply more goods and services.