What is the difference between monetary and fiscal control?

Monetary control – use the Interest Rate
Fiscal control – use taxation

What do I do to control inflation if I have or don't have monetary sovereignty?

If I have monetary sovereignty, I should choose to use the Interest Rate

If I don’t have monetary sovereignty, I should use Taxation

If I increase the IR, what happens to:
Employment, savings, exports, imports?

If I increase the Interest Rate, the currency value increases
and
Employment decreases
Savings increase
Exports decrease
Imports increase

Sales = 100, E = -2. I reduce the price by 10%. New sales?

Price goes down by 10%
Sales go up by 2 (elasticity) x 10% = 20%
New Sales = 120 units

What is the difference between direct and indirect taxation?

Direct – the money goes directly to the government (Income Tax, Corporation Tax etc.)
Indirect taxation goes via a shop or supplier (VAT, alcohol duty, tobacco duty, fuel duty etc.)

How does a government calculate its annual budget?

The government takes the previous year's budget and then adds on the prediction of growth to calculate its new tax income and expenditure and hence its budget

What are the budget criteria of the Stability Pact?

The annual deficit should not be more than 3% of the GDP
The total debt should not be more than 60% of the GDP