The Federal Reserve System Notes

Economics Pt. 2 Section 4

I. Structure and Organization

A. The Federal Reserve System, known as the \_\_\_\_\_\_\_\_\_\_, is the central \_\_\_\_\_\_\_\_\_\_\_\_\_ of the US

B. When banks need \_\_\_\_\_\_\_\_\_\_\_\_\_, they \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ from the \_\_\_\_\_\_\_\_\_\_\_\_\_; “banker’s bank”

C. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ of banks in the US are \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ of this system; \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ banks are required to be \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ of the Fed

II. Structure and Organization

A. The \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ appoints and the \_\_\_\_\_\_\_\_\_\_\_\_\_\_ ratifies the seven members who make up the “Board of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_”; example of what?\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

B. The President selects \_\_\_\_\_\_\_\_\_\_\_ of the board members to \_\_\_\_\_\_\_\_\_ the Board for a four year term

C.To keep informed of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ in the economy the Fed has several \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_councils; why is this important?\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

III. Functions of the Fed

1. \_\_\_\_\_\_\_\_ main functions: banking \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ and consumer \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

B. Fed \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ many large \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ banks and regulates \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ between American and \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ banks

C. Fed enforces many \_\_\_\_\_\_\_\_\_\_ that deal with \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ borrowing such as what information \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ must provide

IV. Acting as the Government’s Bank

A. Fed holds the \_\_\_\_\_\_\_\_\_\_\_\_\_\_ money; when the govt. buys \_\_\_\_\_\_\_\_\_\_\_\_ it gets money from these \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

B. Fed sells U.S. govt. \_\_\_\_\_\_\_\_\_\_\_\_\_\_, which the govt. uses to \_\_\_\_\_\_\_\_\_\_\_\_\_\_ money

C. Fed \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ the nation’s \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, including paper \_\_\_\_\_\_\_\_\_\_\_\_\_ and coins

V. Conducting Monetary Policy

A. The Fed conducts \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ policy

B. Monetary policy: involves controlling the \_\_\_\_\_\_\_\_\_\_\_\_\_\_ of money and the cost of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ money according to the needs of the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

C. Fed can \_\_\_\_\_\_\_\_\_\_\_\_or \_\_\_\_\_\_\_\_\_\_\_\_\_the rate the Fed charges banks for \_\_\_\_\_\_\_\_\_\_\_, can raise or lower the \_\_\_\_\_\_\_\_\_\_\_\_\_\_ of money banks have to save, or buying or selling \_\_\_\_\_\_\_\_\_\_\_\_\_

D. The Fed can move more \_\_\_\_\_\_\_\_\_\_\_\_\_\_ than politicians; supposedly more free of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

E. More money means \_\_\_\_\_\_\_\_\_\_\_\_\_ interest rates, less money means \_\_\_\_\_\_\_\_\_\_\_\_\_\_ interest rates