The Federal Reserve System and Monetary Policy
Read pages 399 through 421 in green economics book and answer the following questions on a separate piece of paper. Answer in complete sentences
1. When was the Federal Reserve System Created? Explain why Congress created it.
2. Define monetary policy.
3. What is the purpose of the Open Market Committee within the Federal Reserve?
4. Identify and briefly explain each of the six major functions of the Federal Reserve.
5. What are the differences between loose money and tight money policies?
6. When is a loose money policy implemented?
7. What are reserve requirements?
8. How can the Fed use reserve requirements to alter the money supply?
9. What is a discount rate?
10. What is a prime rate?
11. What are open market operations?
12. What are some difficulties of carrying out monetary policy?
13. Who is Allen Greenspan? Given what you know (read) about the Federal Reserve, why do you think that Greenspan is referred to as one of the most powerful men in the world?