Student K

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Directions: Using the evidence from the reading, your r class discussion, and visual aids answer the following quest

① - Medium Range
- gives accurate & relevant economic evidence in beginning and summary statements
- inaccurate statement/evidence in understanding of consumer spending when $ supply is restricted

Check for Understanding

- How do actions by the Federal Reserve affect consum answer with economic evidence.

Rubric

2-This response gives a valid effect with accurate and rele

1-This response gives a valid effect with inaccurate, irrelevant, or no economic evidence.

How actions by the Federal Reserve affect consumers & producers is if we are in a time of recession they would give more money so business activity would go up which means more money for producers & unemployment would go down so that means more income for consumers. In a time of inflation the Fed would take away the money supply so the prices would go down so consumers would buy more & producers would get more money. The job of the Fed is to keep prices stable & to balance the money supply so no matter what they do it will have some kind of effet to producers & consumers.

accurate & relevant (+)

inaccurate (-)

would reduce consumer spending

(-)

accurate relevant (+)

Central Bank

. main, central

. Key bank

. no one agreed so there was no compromise

face value - having gold to back up your federal reserve notes

1907 Congress stepped in & created FRS

Sucessful Economy

Political stability = everything is in place (agreement) (feel safe)

bank went broke, its currency was instantly worthless, and those who held its notes could lose everything.

Naturally, people hurried to withdraw their money at the first hint of trouble in the economy. The **result** was **periodic** financial panics that could **devastate** the national economy for years. Finally, after a **particularly** bad panic in 1907, Congress decided to solve the problem. In 1913, it **established** the Federal Reserve System to provide for a safer and more **flexible** banking and monetary system.

With the **Fed** as safeguard, banks can perform their proper role of bringing savers and borrowers together for the benefit of both. For any economy to be successful, a country **first needs political stability** so its citizens feel safe; then it needs a **stable financial system** that includes both **trustworthy money** and **reliable financial institutions**. Healthy, profitable banks, therefore, are a vital part of the nation's **economic welfare**.

Banks provide many services, but for most people, banking **consists** of depositing their income into a checking account and writing checks or using a debit card on that account to buy things that cost more money than they want to carry in their wallets. People also have savings accounts in which they deposit money they don't need right away or they are saving for a **particular** purpose. The bank pays interest, or a price paid for use of the money, on savings accounts and often on checking accounts, too.

Very little of this money is kept in the bank's vault, however. While the Federal Reserve requires banks to keep a **specified** percentage of customer deposits on hand (reserves) to meet routine withdrawals, they lend the ... like any other business, must make a **profit to stay in busin**... comes from interest people pay on the money they borrow.

. Economic welfare - making sure everything is ok in an economy

state-chartered
organized and maintained by individual states

bank notes
paper currency

financial panics
urgent concern for safety of personal money

safeguard
form of protection

vital
necessary

vault
safe holding place within the bank

1.) Keeping prices stable & control currency (balance money supply)
(go to question's paper)

2.) trustworthy money & reliable financial instatution
to prevent ression/inflation

bank cant lend → then producers can't buy → then no jobs

(this is a system)

Federal Reserve Bank Notes

- Federal Reserved Notes = money
- Federal Reserve System
Prior to the FRBS anyone could print money & banks coundnt garentee that they allow's had enough "money" when people wanted to acess it.
- 1913 the FRBS was created & no one could print money
- The FRB is the central bank
- central bank = requalates the supply of money (how much money banks have to spend, issues currencey in our country, and over sees the countries banks
- One of the main inflevence of our economy.
- the FR determines how much it cost for someone to get a loan (availability of loans & money)
- The Feds help keep the economy on track
- Keep economy up, prices stable, & maxium employment
- Monetary Policy = actions the FRB takes to limit or increase the avalibility of money & loans as well

as the cost to get loans
, everything the FRB does is to influence the economy
, Spend more = decrease intrest rate
spend less = increase intrest rate

Recession (this is the FRB's Job)

(spending & production)
Business Activity is down ↓ — Unemployment rate ↑ — More Money $

borrow more ↑ — economic growth increases ↑ — unemployment rate ↓

recession = no spending

Inflation

(business - do much product)
Economy grows to fast ↑ — Prices ↑ — Inflation ↑ — Take money $

Text	
Keeping prices stable is part of the job of the Federal Reserve, which was created by Congress in 1913. There had been two attempts at establishing a central bank in the United States in the 19th century, but politics killed them even though they were successful.	One of the primary job for the FR is keeping prices stable. This was stated in the opening sentence. What the author means is that the dem. & rep. did not agree & would not find a compromise. (1)
Back then, state-chartered banks issued their own paper money backed only by their individual gold and silver reserves. As a result, there were once more than 10,000 different kinds of bank notes in circulation. Suppose you owned a store in those days. How would you know which banks had enough gold reserves to make their currency worth its face value? Should you decrease the value of bills from a weaker bank? And how would you keep track of all those bank notes? You can imagine the shopkeeper's dilemma. If a bank went broke, its currency was instantly worthless, and those who held its notes could lose everything.	the problem was that some of the state-chartered banks decided to print their own money in result 10,000 different bank notes appeared & it was hard to keep track of it. The delema the shopkeeper may face is how would they know that the money is backed up. In paragraph 2 sentence 3 my answer is backed up. (2)
more intrest = more money = more to loan out profitable bank = able to loan out money	It is valuable for banks & consumers because the consumer will get more money in the end & the banks profit comes from interest. My evidence is in our dissusion in class. They keep a specified % of consumer deposits to meet routine withdraws so they can lend's the excess. My evidence is in the last sentence.

Currency control

Coudnt provide excess