Student K

Date 0/30113

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

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 relev

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

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

How defions by the Federal Reserve affect consumers to producers is if we are in a time of recession they would give more money so assured to be iness activity would go up which means more money for producers to themployment would go down so that means more income for consumers.

In a time of inflation the Fed would are would reduce consumer spending more to produce would get more money more to produce would get more money. The job of the Fed is to keep prices stable to balance the money supply relevant to some Kind of estet to producers to consumers.

Main, contral

Main, contral

Key bank

Mo one agreed so

There was no compromise

There was no compromise

to back up your several

The back up your several

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In I created FRS

SUESSEL Economy

Political Stability= everythis
in Place lagreement)

Geel safe)

state-chartered

organized and maintained by individual states

bank notes

paper currency

notes could lose everything.

Naturally, people hurried to withdraw their money at the first hint of trouble in the economy. The **result** was **periodic** <u>financial</u> <u>panics</u> 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.

financial panics

urgent concern for safety of personal money

With the Fed as <u>safeguard</u>, 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 <u>vital</u> part of the nation's **economic welfare**.

safeguard form of protection

<u>vital</u> necessary

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 <u>vault</u>, 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.

vault safe holding place within the

*Economic melfare...

- making sure
everything is at in
an economy

(30 to Question's Parper)

2) trustworthy money & reliable fironcial instatution.

10 Prevent ression/inflation

bank can't tend 7 then producers can't buy 7 then no jobs

Federal Reserve Bank Notes

Federal Reserved Notes=money Federal Reserve System Prior to the FRBS anyone could print money t banks coundn't garentee that they allow's had enough "money" when people wanted to acess it.

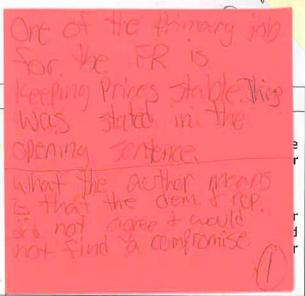
1913 the FRBS was created t no one could print money. The FRB is the central bank. central bank = requalates the supply Of money how much money banks have terspend, is such country, and over sees the countries banks . One of the main inflavence of Our economy. The FR determines how much it cost for someone to get a loan (availability of loans & money) The Feds help keep the economy on track . Keep economy up prices stable, to Monetary Policy-actions the FRB takes to limit or increase the availability of money of boars as well

as the cost to get bans everything the FRB does is to inflexence the economy Spend more-decrease intrest rate spend less=intrease intrest rate Recession this is the FRB's Job) (spanding & Problem)
Business Activity Unemployment
rate Echamic Unemployment more work growth increases recession = no spending Disiness - to much) -Economy grows Prices

Text Dependent Questions Student Handout The Role of the Fed

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.



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.

