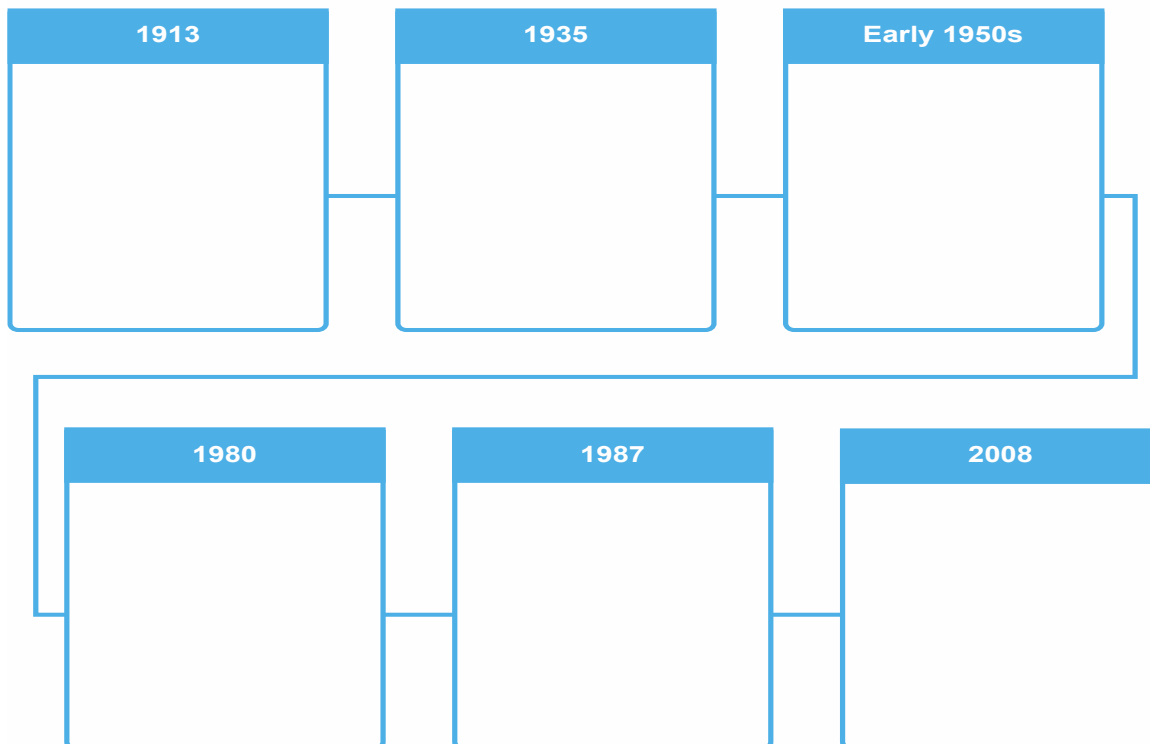


Name: \_\_\_\_\_

Period: \_\_\_\_\_

**A Review of U.S. Banking History:**

1. What do central banks do?
2. Review the explanation of banking reserves in the Lesson. How does a bank benefit from having low reserves? What risk does it run if it has low reserves?
3. What two problems was Congress trying to solve in creating the Federal Reserve System?
4. Use the diagram below to identify key events in the history of the Federal Reserve System.



5. State three features of the structure and composition of the Federal Reserve System that contribute to its independence from the government. (Cite your evidence)

Name: \_\_\_\_\_

Period: \_\_\_\_\_

## Lesson 6.3 The Federal Reserve System

6. Why do banks become members of the Federal Reserve System?

### **The Structure of the Federal Reserve System:**

7. What is the key function of the Federal Open Market Committee (FOMC)?

### **The Fed's Roles: Serving the Government:**

8. What is the relationship between the Fed and the Treasury?
9. Where do the income tax payments that the Treasury receives go?

### **The Fed's Roles: Serving and Regulating Banks:**

10. What unusual steps did the Fed take in the 2008 financial crisis? What can you conclude about that financial crisis, compared to earlier difficult economic times, from these actions? (cite your evidence)
11. The Lesson says that each bank must report its reserves every day to the Fed, allowing it to monitor the money supply. What other purpose does this reporting serve?

### **The Fed's Roles: Regulating the Money Supply:**

12. How do higher interest rates affect people's decisions to save or spend their money?
13. Which part of the Federal Reserve System regulates the money supply?