Federal Reserve Decisions

Directions: You and your group are all members of Board of Governors that lead the operations of the Federal Reserve. In the 3 following situations, you and the other members of the Board of Governors is to decide what action you will take to correct the economies woes. Write what you as a group decided to do in the spaces provided to you using complete sentences. Your group only needs to turn in one paper per group.

1. The unemployment rate has risen to 9%, while the inflation rate is at a low & manageable 2%. Prime interest rates for individuals & businesses are at a decent 7%.

2. The unemployment rate is at a good 5%, but the inflation rate has skyrocketed to 21%. Prime interest rates for individuals & businesses due to the high inflation are also high at 12%.

3. The unemployment rate is not great at 9.5% (ideally 5% or lower), & the inflation rate is also higher than it should be at 9% (ideally 2-4%). Prime interest rates for individuals & businesses are currently hovering around 8.5% (which is alright, but does not encourage business investment).