

Tools of the Federal Reserve Worksheet

Directions: Answer the following questions using complete sentences.

1. If an economy is expanding too rapidly & the economy is therefore suffering from high inflation, then would putting more money in the economy make matters better or worse? Explain.
2. If an economy is not expanding & the economy is therefore suffering from high unemployment, then would putting more money in the economy make matters better or worse? Explain.
3. How can the Fed put more money into the economy?
4. How can the Fed take money out of the economy?
5. If you were a member of the Board of Governors & were faced with a high inflation rate, then how could you lower it using reserve requirements?

