

Name _____ Date _____

The Federal Reserve: Questions

Q4#11

Answer the following questions in complete sentences using information from the previous page.

1. Why was the Federal Reserve established?

2. How do Federal Reserve banks get their money?

3. What do banks do with the money not held in reserve? Why?

4. Why can't all depositors in a bank withdraw all of their money at once?

5. List three ways the Federal Reserve can affect the money supply.

6. Why do you think the Federal Reserve wants to affect the money supply?

7. What happens when too much money is in circulation?

8. What happens when too little money is in circulation?
