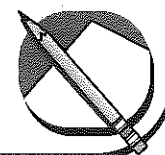


Section 1: Quiz

The Federal Reserve System



A. Key Terms

Briefly define or identify each of the following.

1. Board of Governors _____

2. Federal Reserve Districts _____

3. Federal Advisory Council (FAC) _____

4. Federal Open Market Committee (FOMC) _____

B. Main Ideas

Write the letter of the correct answer in the blank provided.

- _____ 5. What does “monetary policy” mean?
 - a. political policies pursued by the federal government
 - b. actions the Federal Reserve takes to influence the economy
 - c. Federal Reserve policies on creating new banks
 - d. decisions about how much the Federal Reserve charges members
- _____ 6. Why does the Federal Reserve System have a high degree of political independence?
 - a. the system has only advisory power
 - b. it is divided into geographical districts
 - c. the governors are appointed for life terms
 - d. the system is owned by the banks
- _____ 7. Who appoints the members of the Board of Governors of the Federal Reserve?
 - a. the U.S. President
 - b. the U.S. senate
 - c. the state governors
 - d. the state legislatures of the states represented
- _____ 8. How many Federal Reserve Districts are there?

a. 8	c. 24
b. 12	d. 52
- _____ 9. What banks must join the Federal Reserve system?
 - a. all nationally chartered banks
 - b. all state-chartered banks
 - c. all banks of any kind
 - d. no banks must join; membership is voluntary
- _____ 10. What is the subject of Federal Open Market Committee decisions?
 - a. appointment of members of the Federal Reserve’s Board of Governors
 - b. chartering of new banks and other lending institutions
 - c. level of interest rates and growth of the money supply
 - d. scheduling of banking days and hours for member banks