Name

Reading Guide – Pages 218 – 242 and *Non-Market Benefits of Nature*

30 points – Due 10/22

Naked Economics 218 – 242 (15 points)

1. From where does the Federal Reserve derive the significant power that it has? (219)

2. How does it do that? (219 – same paragraph)

3. How is the Federal Reserve organized? (219)

4. What are the specific jobs of the Fed? (219)

5. What can happen when the Fed fails at these jobs? (220)

6. Why doesn’t the Fed keep interest rates low all of the time? (220-221)

7. What does the “price of money” mean? (223)

8. What is the FOMC and what does it do? (223)

9. What is the Fed’s most powerful tool? It’s second most powerful tool? (223-224)

10. What role do government bonds play in the Fed’s ability to create new money? (224-225)

11. Review – what are the (4) things the Fed does in the economy? (227)

Describe two interesting details or stories the author uses in talking about money and how it works. (pages 228-230)

12. What is the role of the Federal Reserve in controlling the purchasing power of the dollar? (231)

13. How can inflation be good for debtors? (233)

14. Why is predictable inflation ok, while unpredictable inflation is bad? (234-235)

15. Why is political independence for central banks necessary? (235-237)

16. Explain the response of the Federal Reserve to the most recent economic crisis. What did they do? (240-241)

Please provide a one paragraph summary and one paragraph response to *Non-Market Benefits of Nature* (posted on class website) (15 points)