

## DISCUSSION QUESTION

Name:

Instructor:

Course:

What is the Federal Reserve (Fed)? Discuss the functions of the Fed.

## PEER GROUP PROBLEM SOLVING

Name:

Instructor:

Course:

What are open market operations? If the Federal Reserve wants to increase the money supply, how would it use open market operations to do so?

**IN-CLASS EXPERIMENT / ACTIVE EXERCISE**

Describe the structure of the Federal Reserve. Name the members of the Board of Governors. Who is the chair? What Federal Reserve district are you in?

Hint: [www.federalreserve.gov](http://www.federalreserve.gov).

## SOLUTIONS AND INSTRUCTOR NOTES

### Discussion Question

What is the Federal Reserve (Fed)? Discuss the functions of the Fed.

*The Federal Reserve is the central bank of the U.S. It is responsible for conducting monetary policy. The Federal Reserve supervises member banks, distributes currency and coins, and clears checks.*

### Peer Group Problem Solving

What are open market operations? If the Federal Reserve wants to increase the money supply, how would it use open market operations to do so?

*Open Market Operations is the buying and selling of U.S. government securities (Treasury bills and bonds) to affect the money supply.*

*When the Fed wants to increase the money supply, it would buy securities from the public.*

### In-Class Experiment / Active Exercise

Describe the structure of the Federal Reserve. Name the members of the Board of Governors. Who is the chair? What Federal Reserve district are you in?

Hint: [www.federalreserve.gov](http://www.federalreserve.gov).

*Structure: Board of Governors – 7 members, serving 14 year terms. Cannot be re-appointed. 12 regional Federal Reserve Banks in major cities (12 districts, one bank in each district).*

*Chair - Janet Yellen; Vice Chair – Stanley Fischer; Daniel Tarullo; Jerome Powell; Lael Brainard*

*District: Will vary by location*

*For more in-class experiment and active learning ideas, visit [www.econedactive.com](http://www.econedactive.com)*