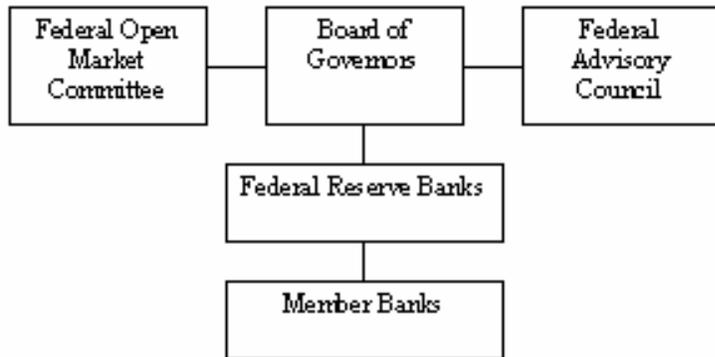


Unit 4 Study Guide

Organization of the Federal Reserve System



1. Which group on the Federal Reserve organization chart votes on the actions of the Federal Reserve?
 - A Board of Governors
 - B Federal Reserve Banks
 - C Federal Advisory Council
 - D Federal Open Market Committee

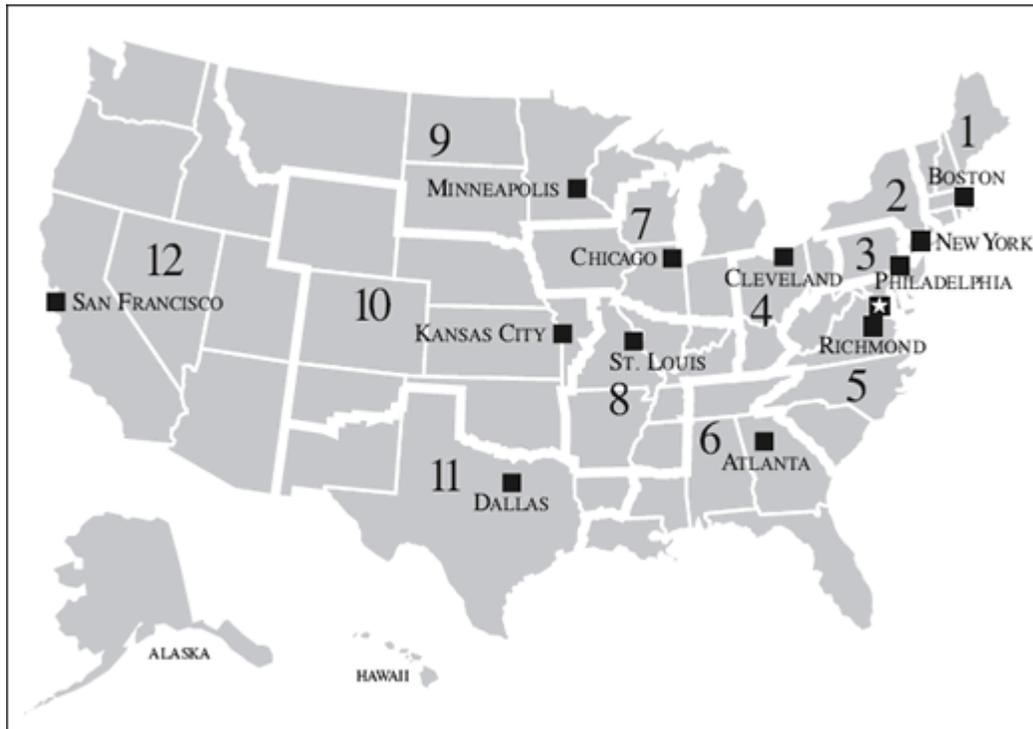
2. Which of the following is not included in M1 of the U.S. money supply?
 - A Cash
 - B Near monies
 - C Travelers checks
 - D Checking account deposits



3. The cartoon reflects the use of money as a
 - A store of value.
 - B tool for saving.
 - C unit of account.
 - D medium of exchange.

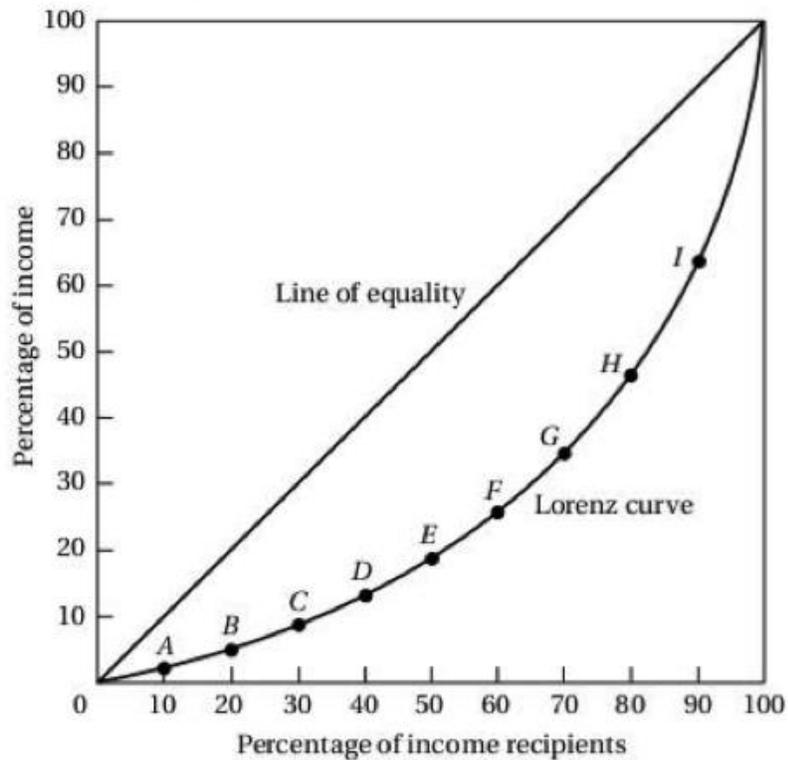
In the past, people in Arab lands have used salt as a form of money; however, people making large sales had to be careful because there was the potential to receive counterfeit currency. Since salt was delivered in large sacks it may include salted sand from the shores of the Dead Sea that looked similar to mined salt but was not actual salt and did not work properly when used for food preparation.

4. Based on the passage, what type of money did the Arabs use?
- A fiat money
 - B legal tender
 - C commodity money
 - D representative money



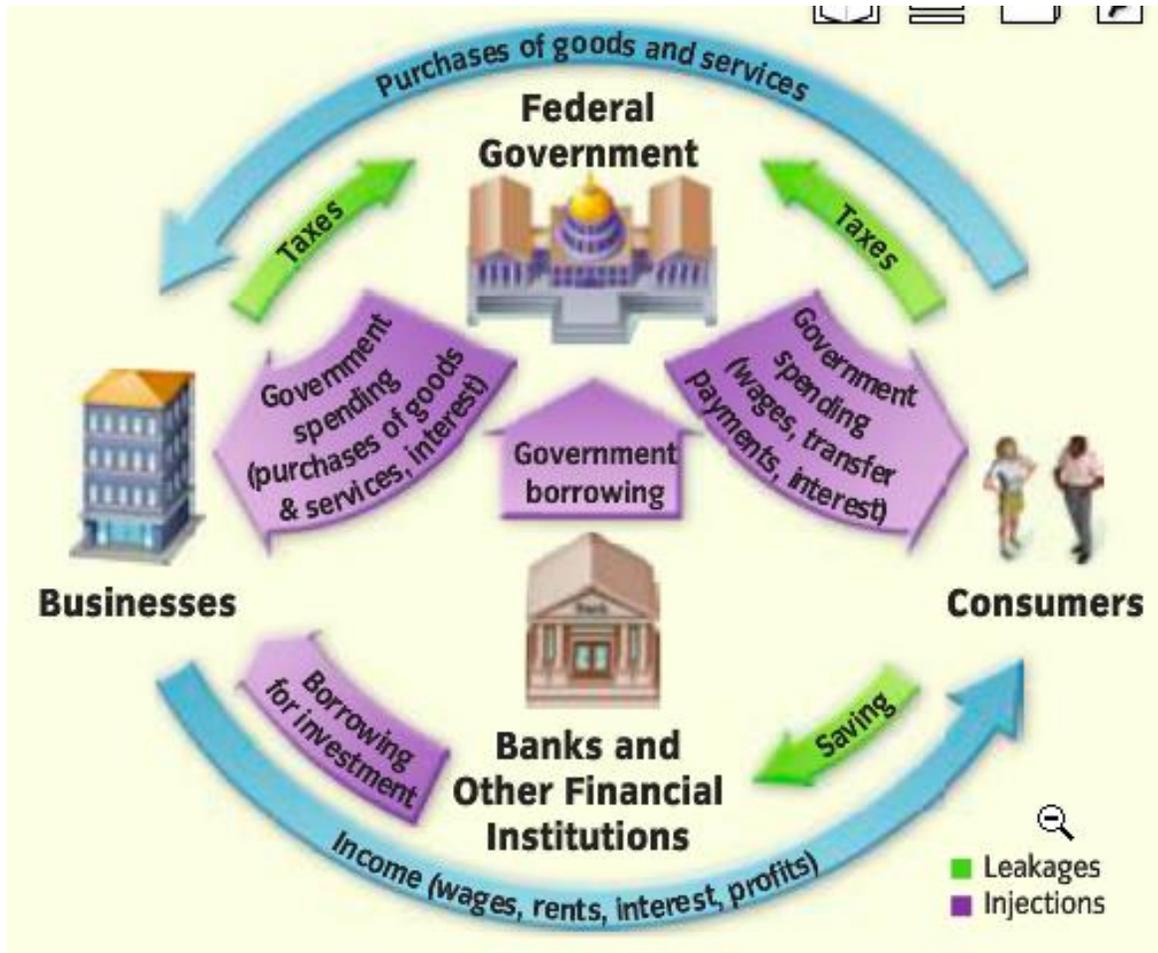
5. Based on the map in which Federal Reserve district is Clarksville, TN located?
- A District 1 - Boston
 - B District 6 - Atlanta
 - C District 8 - St. Louis
 - D District 12 - San Francisco
6. Which of the following is a characteristic of money?
- A transformable
 - B Bountiful
 - C colorful
 - D Scarce

7. The Lorenz Curve is used to describe?
 - A consumer savings
 - B income inequality
 - C consumer spending
 - D production inequality
8. Which function of money allows people to save-up to buy a car.
 - A store of value
 - B stable in value
 - C unit of accounting
 - D medium of exchange
9. Which function of money allows us to compare the value of a t-shirt and a video game?
 - A store of value
 - B monetary base
 - C unit of account
 - D medium of exchange
10. Which of the following monies are counted as part of the M1 definition of the money supply?
 - A savings account deposits
 - B common stocks
 - C travelers checks
 - D certificates of deposit
11. When selling goods in the United States people do not want to be paid in pesos because Mexican currency is not
 - A scarce.
 - B divisible.
 - C portable.
 - D accepted.
12. Janet Yellen is?
 - A Secretary of the Treasury
 - B Director of the Bureau of engraving and printing
 - C Chair of the Federal Reserve
 - D Director of the Secret Service
13. The income distribution in the United States has _____ in the last 15 years.
 - A become more unequal
 - B become too difficult to measure
 - C remained constant from year-to-year
 - D been shifted to favor low-income households
14. Which of the following is a function of the Federal Reserve?
 - A break up trusts
 - B enforce pollution laws
 - C ensure equality in hiring
 - D provide financial services



15. According to the graph above, the poorest 20% of income recipients earn approximately what percent of the income in this nation?
- A 5%
 - B 10%
 - C 80%
 - D 95%
16. A measure of the money supply that does not include near monies
- A M1
 - B M2
 - C M3
 - D M4
17. Most money used throughout the world today is considered
- A fiat money.
 - B virtual money.
 - C commodity money.
 - D representative money.
18. Why do people put their money in a financial institution?
- A pay taxes
 - B loan money to the government
 - C earn interest on their deposits
 - D hide it from the government

19. Raising taxes on the rich in the U.S. is one solution that has been suggested in order to reduce
- A minimum wage
 - B income inequality
 - C government spending on the poor
 - D the influence large corporations have on the government



20. According to the graphic above, who loans money to businesses that want to invest in expansion.?
- A consumers
 - B businesses
 - C financial institutions
 - D governments

