

Central Banks and the Federal Reserve System
ECON 4673
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Problems

1. Why was the Federal Reserve System set up with twelve regional Federal Reserve Banks rather than one central bank as in most other countries?
2. How many Federal Reserve Banks are there? Briefly discuss the main functions of the Federal Reserve Banks.
3. How many governors are there on the Board of Governors of the Federal Reserve System? How long are the terms for the Governors and the Chair of the Federal Reserve Board? Name the person or entity who nominates the Governors and Chair and who confirms their nominations. What are the main monetary policy functions of the Board of Governors?
4. The Fed is the most independent of all U.S. government agencies. What is the main reason the Fed is more independent than other government agencies? What is the primary tool that Congress uses to exercise some control over the Fed?
5. Which is more independent, the Federal Reserve or the European Central Bank and why?