

# Central bank and federal reserve act

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The unusual structure of the Federal Reserve System is perhaps best explained by A) Americans' fear of centralized power. B) the traditional American distrust of moneyed interests. C) Americans' desire to remove control of the money supply from the U. S. Treasury. D) all of the above. E) only (A) and (B) of the above. Answer: E 4) The traditional American distrust of moneyed interests and the fear of centralized power help to explain A) the failures of the first two experiments in central banking in the United States. B) the decentralized structure of the Federal Reserve System.

System is not located in New York. D) all of the above. E) only (A) and (B) of the above. Answer: D 72 5) The financial panic of 1907 resulted in such widespread bank failures and substantial losses to depositors that the American public finally became convinced that A) the First Bank of the United States had failed to serve as a lender of last resort. B) the Second Bank of the United States had failed to serve as a lender of last resort. C) the Federal Reserve System had failed to serve as a lender of last resort.

Nationwide financial panics in 1873, 1884, 1893, and 1907 might have been avoided had A) the First Bank of the United States served its intended role of lender of last resort. B) the Second Bank of the United States served its intended role of lender of last resort. C) the Second Bank of the United States not been abolished in 1836 by President Andrew Jackson. D) the Federal Reserve served its intended role of lender of last resort. Answer: C 7) The many regional Federal Reserve banks resulted from a compromise between parties favoring

The Board of Governors C) The FOMC D) All of the above Answer: D 73 10)

Which of the following is not an entity of the Federal Reserve System? A)

Federal Reserve Banks B) The FDIC C) The Board of Governors D) The

Federal Advisory Council E) Member commercial banks Answer: B 11) Which

of the following functions are not performed by any of the twelve regional

Federal Reserve Banks? A) Check clearing B) Conducting economic research

C) Setting interest rates payable on time deposits D) Issuing new currency

Answer: C 12) Which Federal Reserve Bank president always has a vote in

the Federal Open Market Committee.