

The federal reserve

Government



The U. S. Federal Reserve System ECO/372 Sundeep Jain The U. S. Federal Reserve System The Federal Reserve System was founded by Congress in 1913. It was created to be the central banking system of the U. S. The Federal Reserve is designed as the superior monetary financial system of our country. The role of the Federal Reserve and its influence on the countries' banking system has increased. The Federal Reserve System of the United States is what makes the financial wheel move. The Federal Reserve System is also known as the Central Bank of the United States.

The Great Depression forced an overhaul of the state of the Federal Reserve System at that time. During the depression, many banks closed its doors and also many companies failed due to bankruptcy. Consequently, the unemployment rate increased to levels unheard of. The Federal Reserve System monitors and controls the banking system of the United States. One of its major responsibilities of the Reserve System is to maintain the stability of the financial system and offers financial assistance to the countries' banking institutions.

Another responsibility is to oversee the economic stability of employment within the nations' interests. Another responsibility of the Federal Reserve System of the United States is to stabilize the price of goods and services. The Federal Reserve System is responsible for overseeing and supervising the financial institutions operating within the United States territorial jurisdiction. In addition, the Federal Reserve System is responsible for conducting research to maintain the current state of economy and help keep it running.

While it carries out its responsibilities, the Federal Reserve is independent of the main government body and is not involved with the governments' day-to-day operations. Members of the board are appointed by the President. Also, any profits the Federal Reserve makes in revenue, are returned to the United States Treasury. The Federal Reserve was created to be protected from short-run political and economic pressures. The Reserve System operates on its own revenues and not money appropriated by Congress. The earnings come from interest earned from its portfolio and from money received for services provided to financial institutions.

The Federal Reserve System is located in our nations' capital, Washington D. C. It is the Overruling financial power of the U. S. The FED has the sole power to regulate all related policy. This includes things such as fixed income rates, and then deciding factors of the supply of money. The Federal Reserve System is comprised of twelve Federal Banks scattered throughout the country. Each Bank is given sole power over all commercial banks in its area. These banks oversee that all banks in its district comply with any and all rules and regulations.