

# [Criticisms of the federal reserve system](https://assignbuster.com/criticisms-of-the-federal-reserve-system/)

[](https://assignbuster.com/)[Finance](https://assignbuster.com/essay-subjects/finance/)

Who " OWNS" the Fed? Who are the shareholders of the Federal Reserve? The Federal Reserve - Fed is not owned by theAmerican government as most people think. It is owned by twelve central banks some of which are foreign. These are Warburg Bank of Hamburg, Rothschild Bank of London, Lazard Brothers of Paris, Lehman Brothers of New York, Chase Manhattan Bank of New York, Kuhn Loeb Bank of New York, Warburg Bank of Amsterdam, Israel Moses Seif Banks of Italy, Sachs of New York, Goldman, Morgan Guaranty Trust, and the Bank of New York. The major shareholders of Fed are National City Bank, National Bank of Commerce, First National Bank of New York, Hannover National Bank, and Chase National Bank (Paul, 2009)   
2. Define " M1 and M2" (a definition of money). Once M1/M2 is defined, who creates money in our society?   
M1 is a category of supply of money that includes all the physical money; that is, currency and coins. It also includes negotiable order of withdrawal accounts and checking accounts. M2 is a category of money supply which includes M1 and saving deposits, market funds, and time related deposits. When M1/M2 is defined commercial institutions such as banks create money in the society.   
3. Define Fiscal Policy. What ONE entity (alone) controls Fiscal Policy?   
Fiscal policy is the way the government influences its economy through controlling its revenue or taxation and its expenditure. The federal reserve alone controls fiscal policy. If any other governmental entity was involved in this, Fed would have been scraped due to the criticism towards it. it is important to have three different governmental entities so that each one of them serves specific purposes for the public. This ensures that the public receives better services since they are handled efficiently. Fed is there in order to take care of a sensitive issue of money. It has a major influence on the economy of a country and therefore should be handled separately. In monetary policy there is an authority to control money supply to promote economic growth (Paul, 2009).   
References   
Paul, Ron. End the Fed. New York: Grand Central Pub, 2009. Print.