

The Federal Reserve: Problems

1. Why do most advanced economies not allow elected officials to directly conduct monetary policy?
2. What is the Fed's dual mandate
3. Why do lower interest rates usually boost output while raising inflation
4. Suppose that a bond promises to pay \$400 in one year. If its price is \$370, what is the interest rate (yield)?
5. Why did some people argue that the fed should not cut interest rates in September 2025?
6. Why did the fed decide to cut interest rates in September 2025?
7. True or False? The Fed is free to determine its own policy objectives when conducting monetary policy.
8. What is the Fed's "balance sheet?"