

Chairman of the Federal Reserve

What would happen if **you** were in charge of the economy? See if you've got what it takes. Answer the following questions as you attempt to be rehired as Chairman of the "Fed". Read the questions before you play so you know what to look for! ☺ You'll be using ONE of the THREE tools that the Fed has at its disposal. See if you can steady the boat!

Go to the following link: <http://www.frbsf.org/education/activities/chairman/>

1. Explain the effect of raising the interest rate on inflation.
2. Explain the effect of lowering the interest rate on inflation.
3. Explain the effect of raising the interest rate on unemployment.
4. Explain the effect of lowering the interest rate on unemployment.
5. What was your highest interest rate? _____ What was your lowest interest rate? _____
6. How many attempts did it take you to be rehired? What challenges presented themselves?
7. Describe the rationale and specific strategy you used to get rehired.
8. What was the interest rate and unemployment rate when you started?
9. What was the interest rate and unemployment rate when you were rehired?
10. Give yourself a grade for your performance as Chairman of the Fed (not for this assignment, but how you managed monetary policy):