

Part 1: Research Questions

- What positive role does the Federal Reserve have on the U.S. economy?
- What negative role does the Federal Reserve have on the U.S. economy?

Part 2: Responses

The Federal Reserve has a positive role on the U.S. economy as they are constantly monitoring it to ensure stability for all. As well, they provide economic direction for not only us, but the entire world. By managing the dollar, they are in charge of one of the most influential economies in the world; without them, the global economy would go into complete chaos and instability.

While the Federal Reserve has a lot of positive impacts on the U.S. economy, it can negatively impact it through the influence it has on federal funds rates. It can make money more *“expensive to obtain,”* (Seabury), by increasing this rate, as this increases interest rates all over. In turn this shrinks *“the supply of money available for making purchases,”* (Seabury).

I personally agree more with the positive side, however I do understand the negative side as well. Yes, we need some sort of system set up to maintain and balance our economy, which is what the Federal Reserve is set up to do; otherwise we could end up in another depression, or something even worse globally. However, the right things need to be done, especially since our country has such an enormous impact on the rest of the world; and the system set up to do so cannot abuse the power that it has.

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