**Study Guide Chapter 24 and 25**

1. What are the three functions of money( know how to describe each one)
2. What are the three characteristics of money?
3. Why do we accept money?
4. What is money?
5. What are the three reasons we have banks?
6. Know about the different types of banks and what each one does.
7. Why are banks regulated?
8. How are they insured?
9. What is the corporation that insures them?
10. What is the Federal Reserve?
11. Who runs the Federal Reserve?
12. What does the Advisory Council do?
13. What are the regulatory functions of the Federal Reserve and explain each one
14. What are the three ways the Federal Reserve acts as the nation’s bank?
15. What is the purpose of US bonds and Treasury Bills?
16. What are three ways the Federal Reserve can manipulate the nation’s monetary supply?
17. What happens when the discount rate is raised or lowered?
18. What are three reasons the Federal Reserve is above politics?
19. How do banks attract depositors?
20. How do banks make a profit?
21. What is a fiscal year?
22. What is the purpose of the federal budget?
23. What is the process to make the budget?
24. Explain mandatory spending, discretionary spending and appropriations bills
25. Where does most of the government’s revenue come from?
26. Explain proportional tax, progressive tax
27. What are the two biggest categories of federal spending?
28. What are the three biggest sources of state revenue?
29. What are the biggest sources of local government revenue?
30. What is the difference between real and personal property?
31. What is the purpose of entitlement programs?
32. What are the two largest state expenditures?
33. What are the three largest local government expenditures?
34. What does the federal government do when they need to borrow money?
35. What is the difference between a budget deficit and federal debt?
36. How can the government stimulate the economy?
37. How can the federal government reduce government debt?
38. What are these things hard to do?
39. What are automatic stabilizers and why are they effective?

Short Answer Questions

**Describe** the three ways the Federal Reserve can manipulate the monetary supply.

**List** the ways the Federal Reserve acts as the nation’s bank.

What makes Federal Reserve policy so effective (three ways)?

How does the federal government reduce debt or stimulate the economy? Why is this hard to do?

What is the difference between the federal deficit and federal debt?

**List and explain** the three functions of money.

**List** the three characteristics of money.

**Define the following words**

Discretionary spending

Mandatory spending

Proportional tax

Progressive tax

Automatic stabilizers