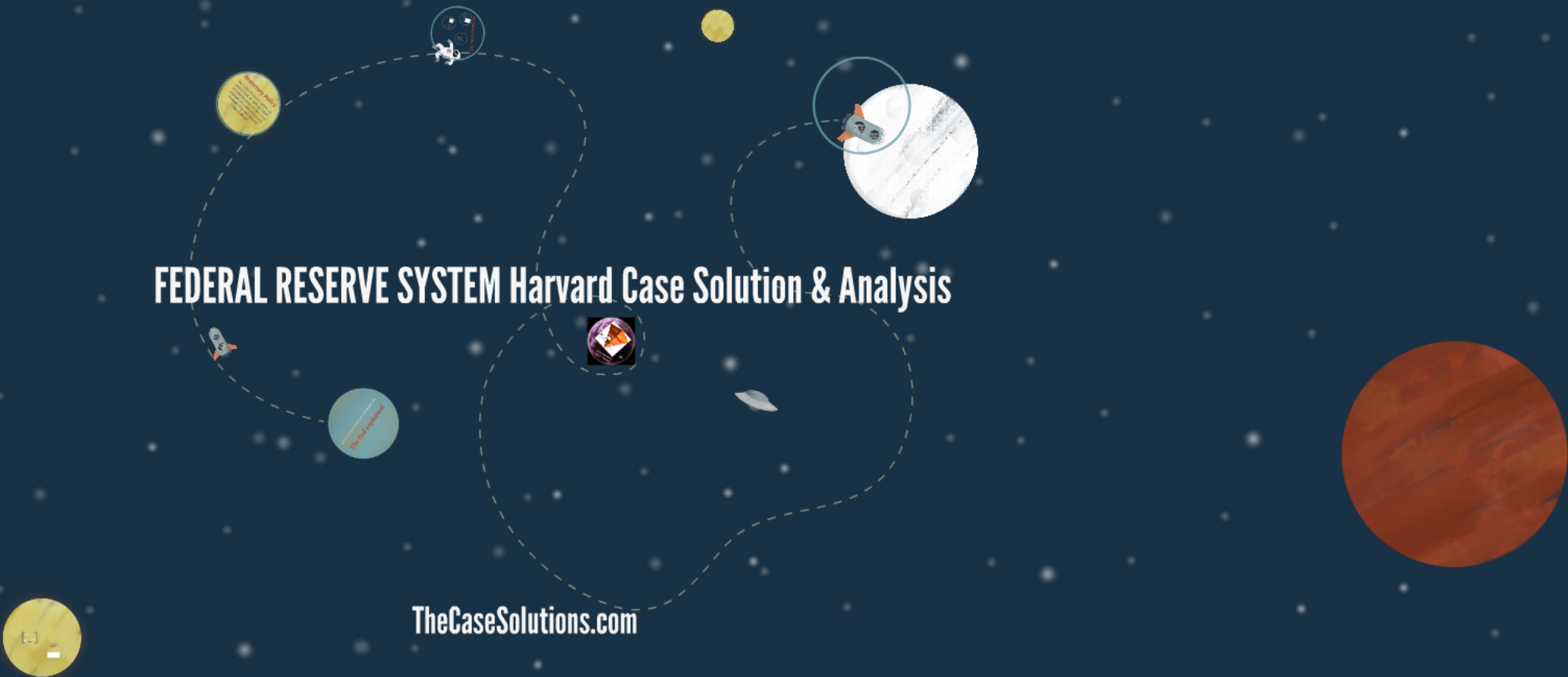


# FEDERAL RESERVE SYSTEM Harvard Case Solution & Analysis

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**Monetary policy**  
The Fed's primary tool for influencing the economy is its monetary policy. This policy is designed to control the money supply and interest rates, which in turn affects the overall level of economic activity.

**The Fed explained**  
The Federal Reserve is the central bank of the United States. It is responsible for conducting the nation's monetary policy and for supervising and regulating banks and other financial institutions.



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# MONEY

in the US we use: "fiat money" / legal tender  
-- issued by the govt



for money to have value, the people have to believe it has value and it must serve these functions:

### Medium of Exchange

money facilitates transactions between indiv, businesses, and govt



### unit of account / standard of value

the expressed value of money. a guide for how much an item costs or how much we have to spend.



### Store of Value

money keeps its value when you save it and not spend it.



# Medium of Exchange

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go to [≈ youtube.com/watch?v=8Hq5zw4YaZQ](https://www.youtube.com/watch?v=8Hq5zw4YaZQ)

# ***The Fed explained***