The Federal Reserve and Interest Rates: Worksheet

1. What fields of study do interest rates directly affect? Name at least two.

2. Why is it important to know about the involvement of the Federal Reserve with interest rates, even if you don't work or plan to work in the above fields?

3. Give an example of how the Federal Reserve lowering/raising interest rates affects the economy. (Provide an example for both instances.)

4. How can you maximize the usefulness of effective behavioral economic theories in your own personal life?

5. Explain what your thought process would be if you were the Federal Reserve and the country was experiencing a recession? What steps would you take to mitigate the damage? What do you think would be the effects of your changes?