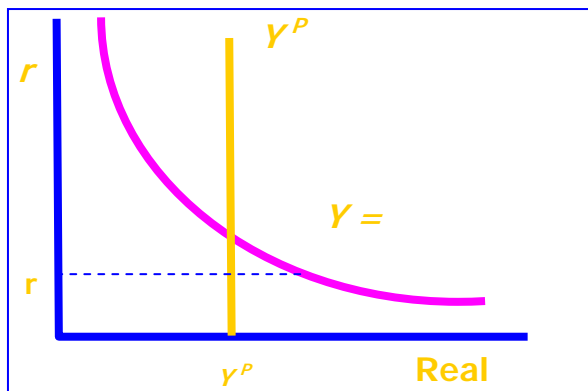


Econ 101 Class 29 Questions

1. Beginning late in 2007, the Fed decided to stimulate the economy. To do so, the Fed \_\_\_\_\_ government bonds and \_\_\_\_\_ the Federal Funds rate.

- A. Bought, Increased
- B. Sold, Increased
- C. Bought, Decreased. \*\*
- D. Sold, Decreased.

2. Given the situation pictured in the diagram, the Fed should \_\_\_ government bonds and thereby \_\_\_ the federal funds rate.



- A. Sell, Lower
- B. Buy, Lower
- C. Buy, Raise
- D. Sell, Raise \*\*