

Essay and Discussion Questions

## Monetary Policy High School Questions

Help students understand monetary policy and currencies through these essay and discussion questions.

### Introduction

1. How did the U.S. dollar become the most popular currency in the world?
2. What are the differences between expansionary and contractionary monetary policies? What are the consequences of each?
3. What is the role of the Federal Reserve? What is its legal mandate?
4. How does the Federal Reserve conduct monetary policy?
5. Why do exchange rates between currencies fluctuate?
6. In what ways might financial policies such as sanctions be preferable to other tools of foreign policy?
7. Why do most countries have their own currency, rather than sharing with other countries?
8. What were the advantages and disadvantages of the gold standard?
9. In what ways is the United States vulnerable to financial pressure from other countries? What factors mitigate that vulnerability?
10. How important is the role of the dollar to U.S. wealth and power?

### Economic Statecraft

1. In what ways might financial policies such as sanctions be preferable to other tools of foreign policy?
2. How did the United Kingdom's situation in 1956 make it vulnerable to financial pressure from the United States?
3. In what ways is the United States vulnerable to financial pressure from other countries? What factors mitigate that vulnerability?
4. How important is the role of the dollar to U.S. wealth and power?