

NAME: _____



"ECONOMICS U.S.A.: BANKING SYSTEM"

1. Why did the Knickerbacher Trust fail?
2. Who saved the Knickerbacher Trust?
3. Why did bankers not want to give up fractional reserve banking?
4. What are the "assets" of a bank?
5. What are the "liabilities" of a bank?
6. What is a "demand deposit?"
7. If a bank has \$100 Billion in demand deposits and has $\frac{1}{5}$ of its deposits on reserve, how much money has the bank loaned out?
8. What banks are members of the Federal Reserve System?
9. How does the banking system create money?
10. Why did the money supply drop when the depression started?
11. What was the purpose of FDR's "bank holiday?"
12. What is the purpose of the Federal Deposit Insurance Corporation?
13. Why did Penn Square Bank in Oklahoma City "go bust?"
14. What prevents a recurrence of the banking panic of the Great Depression?