Fed@Issue: Always and Everywhere: A Central Bank Phenomenon

Author: Mike Bryan, vice president and senior economist in the research department of the Atlanta Federal Reserve Bank. Mr. Bryan organizes the monetary policy process for the Atlanta Fed.

Discussion questions

1. According to the author, Mike Bryan, what is the difference between inflation and cost of living?
2. What body is responsible for “keeping inflation in check”?
3. What does Mike Bryan say is an assurance of price stability? What is a common misperception about the goal of price stability and the central bank’s role in this process?
4. What has happened to the Federal Reserve’s balance sheet since 2008? Have these excess reserves resulted in new bank loans and inflationary pressures?
5. According to a speech made by Fed Chairman Ben Bernanke at the National Press Club on February 3, 2011, what are the new Fed tools that have been put in place to “smoothly and effectively exit from the asset purchase program at the appropriate time”?

Related links

Economic Lowdown — Use this podcast to help your students understand inflation.
Classroom Economist: Inflation — Select the Inflation tab to view all the resources contained in this module.
The Inflation Project — Use this resource to access up-to-date information on inflation and inflation indices.
macroblog — Read this timely entry about inflation, and link to other entries.
What Is a Dollar Worth? — Use this inflation calculator from the Minneapolis Fed to introduce students to the Consumer Price Index and to demonstrate how prices change over time.