

Explain

- How did the U.S. dollar become the most popular currency in the world?
- What are the differences between expansionary and contractionary monetary policies? What are the consequences of each?
- What is the role of the Federal Reserve? What is its legal mandate?
- How does the Federal Reserve conduct monetary policy?
- Why do exchange rates between currencies fluctuate?

Analyze

- In what ways might financial policies such as sanctions be preferable to other tools of foreign policy?
- How did the United Kingdom's situation in 1956 make it vulnerable to financial pressure from the United States?
- Why do most countries have their own currency, rather than sharing with other countries?
- What were the advantages and disadvantages of the gold standard?

Evaluate

- In what ways is the United States vulnerable to financial pressure from other countries? What factors mitigate that vulnerability?
- How important is the role of the dollar to U.S. wealth and power?