



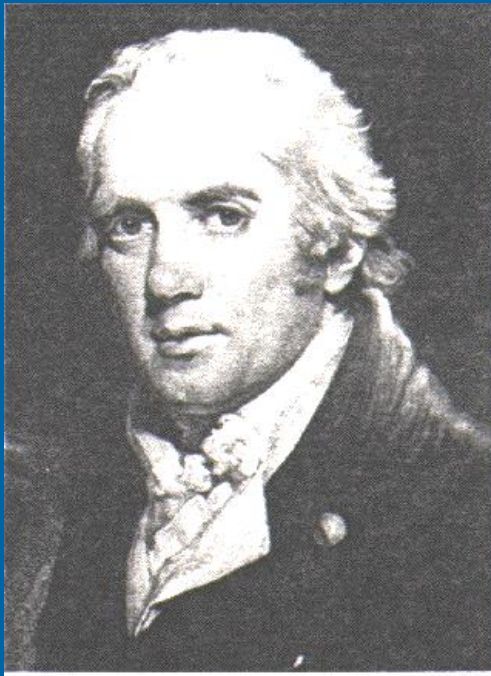
The Fed as Lender of Last Resort

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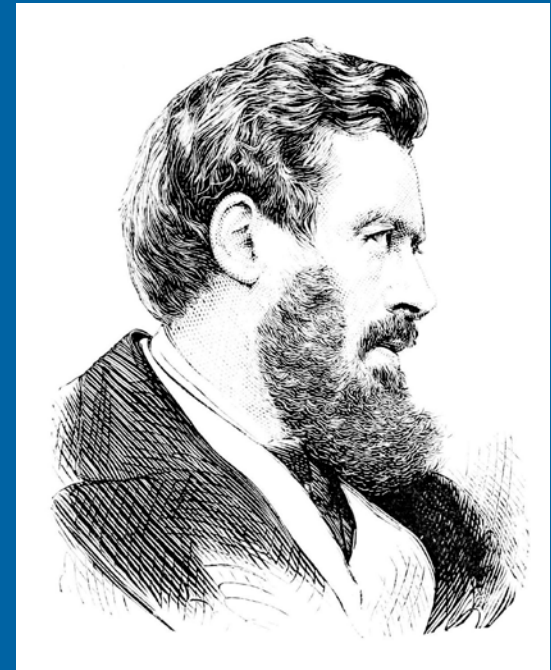


“Lender of Last Resort” = monetary policy

Henry Thornton (1802)



Walter Bagehot (1873)





UNCLE SAM'S NEED OF AN ELASTIC CURRENCY

PRESIDENT ROOSEVELT: "You see, those galluses ought to have rubber in them, so that when Uncle Sam stoops to move the sheaf there won't be much strain on the buttons."

From the *Pioneer Press* (St. Paul)