

Pre- and Post-Test for The Great Depression Curriculum

1. Deflation occurs when:
 - a. there is a sustained increase in the price of gasoline.
 - b. there is a sustained decrease in the price of gasoline.
 - c. there is a sustained increase in the overall price of goods and services.
 - d. there is a sustained decrease in the overall price of goods and services.
 - e. a and c only

2. Inflation occurs when:
 - a. there is a sustained increase in the price of gasoline.
 - b. there is a sustained decrease in the price of gasoline.
 - c. there is a sustained increase in the overall price of goods and services.
 - d. there is a sustained decrease in the overall price of goods and services.
 - e. a and c only

3. From 1929 to 1933:
 - a. the unemployment rate was increasing.
 - b. the economy was experiencing inflation.
 - c. Gross Domestic Product (GDP) was decreasing.
 - d. the Consumer Price Index (CPI) was increasing.
 - e. a and c only

4. How did the stock market crash, the closing of the Ford Model T plant and the collapse of the farming industry contribute to the economic collapse known as the Great Depression?
 - a. These increased unemployment and output.
 - b. These increased unemployment and prices.
 - c. These destroyed jobs, wealth and people's confidence in the economy.
 - d. a and b only
 - e. a and c only

5. Some suggest that the Smoot-Hawley tariff and protectionist trade policies were the cause of the Great Depression. Which of the following statements is true?
 - a. A tariff is a tax on an imported good.
 - b. Tariffs lead to a decrease in international trade.
 - c. Tariffs lower the price of imported goods relative to the price of domestic goods.
 - d. a and b only
 - e. a and c only

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6. Which of the following statements is true?
- a. A shrinking money stock causes deflation.
 - b. A shrinking money stock may lead to a lower unemployment rate.
 - c. A shrinking money stock means that people and businesses borrow more from banks.
 - d. a and c only
 - e. b and c only
7. How did bank panics contribute to the collapse of the nation's banking system during the Great Depression?
- a. They caused the money stock to decrease.
 - b. They caused additional bank failures and lack of confidence in the banking system.
 - c. They caused businesses to borrow greater amounts of money than they otherwise would have borrowed.
 - d. a and b only
 - e. b and c only
8. Which of the following were included in President Roosevelt's plans to address the economic problems of the Great Depression?
- a. Impose a bank holiday.
 - b. Pass banking legislation.
 - c. Decrease government spending in order to balance the budget.
 - d. a and b only
 - e. b and c only
9. What was the impact of government spending during President Roosevelt's administration?
- a. Deficits contributed to national debt.
 - b. The federal government increased its role in the U.S. economy.
 - c. A decrease in government spending helped balance the federal budget.
 - d. a and b only
 - e. b and c only
10. The purpose of New Deal programs was to provide:
- a. immediate relief for citizens.
 - b. tax increases to recover additional government spending.
 - c. reform to prevent such economic problems from occurring in the future.
 - d. all of the above
 - e. a and c only

11. Technology that assisted President Roosevelt in conveying messages that restored citizens' confidence in the U.S. economy included:
- a. radio.
 - b. computers.
 - c. television.
 - d. MP3 players.
 - e. Internet blogs.
12. What is the Federal Reserve System?
- a. the nation's central bank
 - b. the U.S. Department of Banking
 - c. U.S. Department of the Treasury, Banking Division
 - d. the legal requirement that interest must be paid on loans.
 - e. the only national bank in the United States, located in Washington, D.C.
13. Which of the following is a function of the Federal Reserve?
- a. makes monetary policy
 - b. prints currency and mints coin
 - c. regulates and supervises banks
 - d. all of the above
 - e. a and c only
14. Which of the following statements regarding deflation is true?
- a. It causes people to postpone purchases.
 - b. It robs the purchasing power of people's savings.
 - c. It causes a decline in prices and demand for goods and services.
 - d. a and b only
 - e. a and c only
15. By studying the Great Depression, economists have come to understand:
- a. the importance of money, credit, and a safe and sound financial system.
 - b. the need to maintain a balanced budget regardless of economic conditions.
 - c. the importance of the government's responsibility to set prices for goods and services during periods of inflation or deflation.
 - d. a and b only
 - e. b and c only

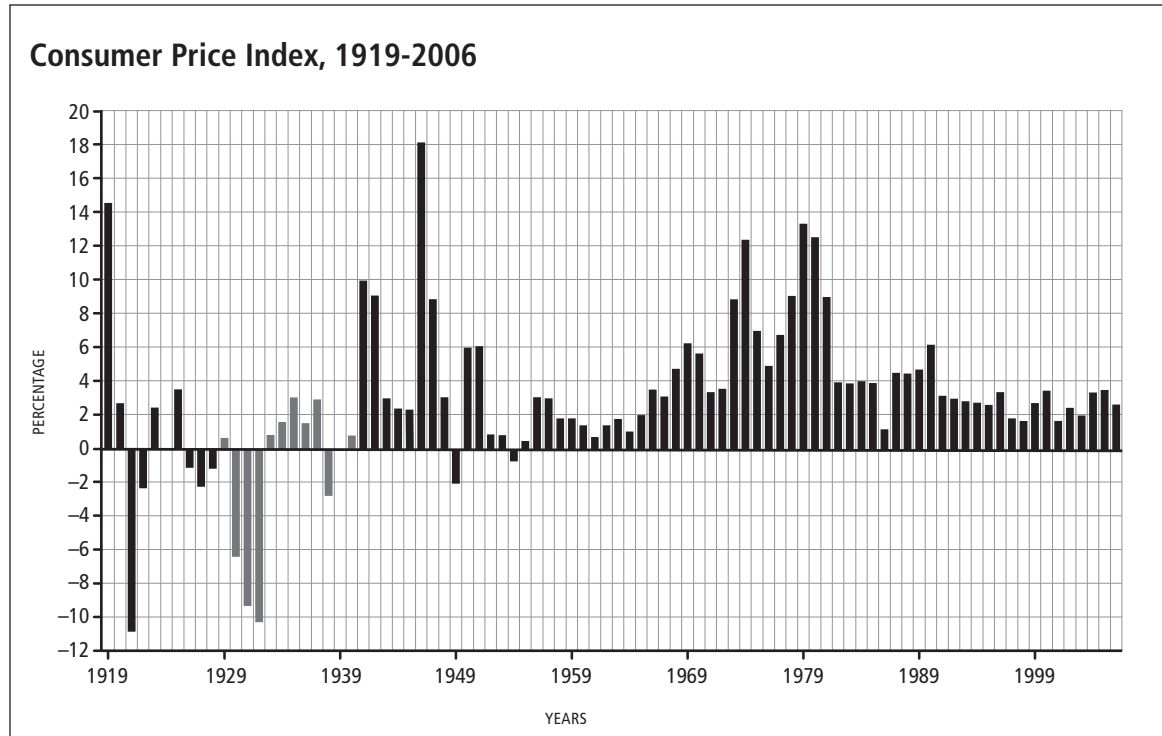
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16. Monetary policy refers to:
- spending and taxation decisions of the federal government to influence the economy.
 - actions of the Federal Reserve to influence the amount of money and credit in the economy.
 - actions of the Bureau of Engraving and Printing and the Mint to print currency and mint coins.
 - a and b only
 - b and c only
17. The unemployment rate represents:
- the percentage of the labor force that is unemployed or works only part-time.
 - the number of people 18 years of age or older who are eligible to work, but don't have jobs.
 - the number of people out of every 100 who are eligible for unemployment compensation.
 - the percentage of the labor force that is 16 years of age or older, does not currently have a job and is actively looking for employment.
 - a and c only
18. Real gross domestic product is:
- the market value of all final goods and services produced within a country in a year.
 - the market value of all intermediate goods and services produced within a country in a year.
 - the market value of all final goods and services produced within a country in a year, adjusted for inflation.
 - the market value of all final goods and services produced within a country in a year, adjusted for exports.
 - the market value of all intermediate goods and services produced within a country in a year, adjusted for inflation.
19. A bank panic occurs when:
- a bank's assets exceed the value of its liabilities.
 - many depositors rush to the bank to withdraw their money at the same time.
 - depositors recognize that they do not have as much money in their accounts as they anticipated.
 - a and c only
 - b and c only

20. The Federal Reserve System was:
- established in 1913 as the nation's central bank.
 - established in 1939 to prevent future depressions.
 - not responsible for monetary policy during the Great Depression.
 - a and c only
 - b and c only
21. With both deflation and inflation:
- people buy today rather than wait.
 - people wait to buy until tomorrow.
 - people and businesses have reduced purchasing power.
 - people and businesses have difficulty planning for the future.
 - a and c only
22. A depression is a:
- mild recession.
 - sustained decline in the overall price level of goods and services in the economy.
 - sustained increase in the overall price level of goods and services in the economy.
 - measure of the market value of all final goods and services produced in an economy during a year.
 - severe period of declining real output across sectors of the economy and regions of the country.
23. The money supply is the amount:
- of gold in Fort Knox.
 - the federal government has to spend each year.
 - of currency printed each year by the Bureau of Engraving and Printing.
 - of currency, coins and checking account deposits available in an economy.
 - a and d only
24. The national debt is the:
- annual deficit.
 - amount loaned to banks by the Federal Reserve System.
 - difference between the amount of goods exported and the amount imported.
 - the financial obligations of the federal government resulting from deficit spending.
 - the sum of all money owed by individuals and businesses in the United States to other countries.

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Refer to the graph below to answer questions 25 and 26.



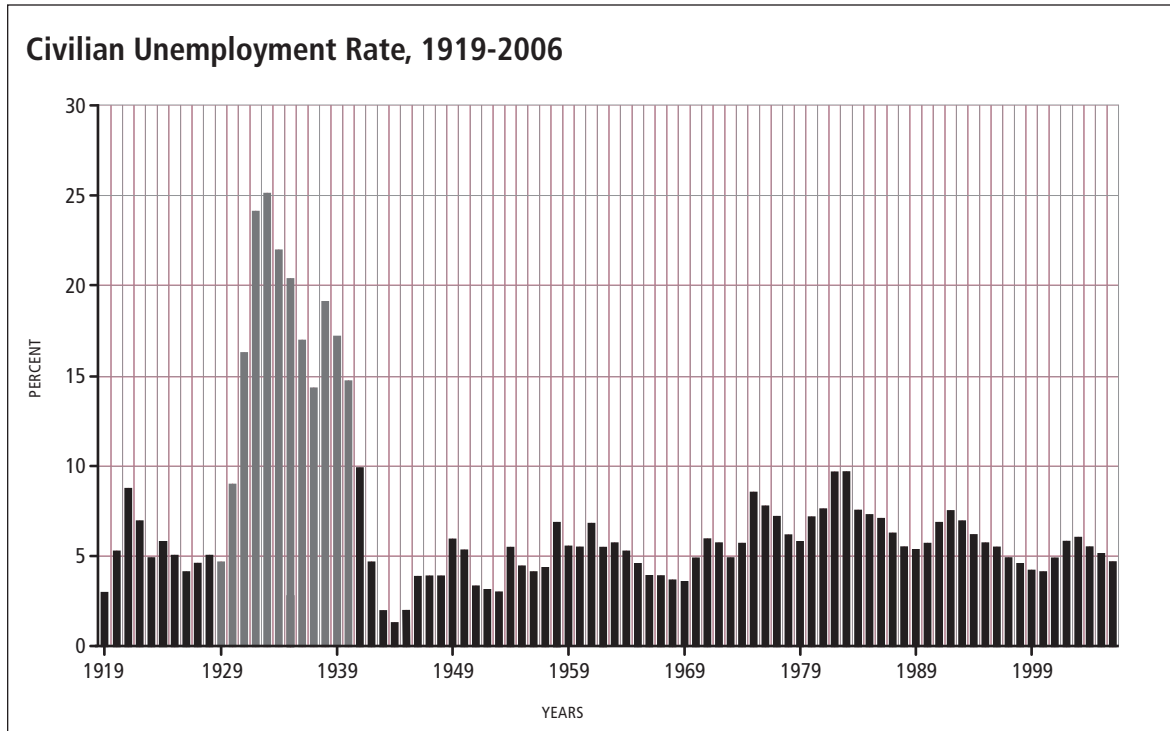
25. During which year did the economy experience the worst inflation?

- a. 1921
- b. 1932
- c. 1942
- d. 1946
- e. 1949

26. During which year did the economy experience the worst deflation?

- a. 1921
- b. 1932
- c. 1942
- d. 1946
- e. 1979

Refer to the graph below to answer question 27.



27. During which year did the economy experience the highest rate of unemployment?

- a. 1929
- b. 1930
- c. 1931
- d. 1932
- e. 1933

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Refer to the table below to answer questions 28-30.

U.S. STATISTICAL DATA 1929 - 1933

Year	Number of Bank Suspensions	Unemployment Rate	Per Capita Personal Income	Real GDP (in millions of dollars)
1929	659	3.2%	\$698	\$951.7
1930	1352	8.9%	\$619	\$862.1
1931	2294	16.3%	\$526	\$788.8
1932	1456	24.1%	\$399	\$682.9
1933	4004	25.2%	\$372	\$668.6

28. In which year from 1929 to 1933 were bank suspensions the greatest?

- a. 1929
- b. 1930
- c. 1931
- d. 1932
- e. 1933

29. How much did per capita income decrease from 1929 to 1933?

- a. \$1,071
- b. \$326
- c. \$125
- d. \$79
- e. \$27

30. Between which two years was there the greatest decrease in real GDP?

- a. between 1929 and 1930
- b. between 1930 and 1931
- c. between 1931 and 1932
- d. between 1932 and 1933
- e. between 1933 and 1934

31. Open market operations are:
- a. conducted by the Federal Reserve to manage the money supply.
 - b. tariffs enacted by the U.S. government to discourage imports.
 - c. interest rate policies of banks to make a profit on loans.
 - d. Congressional policies to promote employment.
 - e. implemented by national banks in order to make loans.
32. What body makes monetary policy decisions for the United States?
- a. the United States Congress
 - b. the Federal Reserve System
 - c. the judicial branch of the government
 - d. the executive branch of the government
 - e. the President's Council of Economic Advisers
33. The purpose of Roosevelt's New Deal legislation was:
- a. to provide relief programs to help immediately.
 - b. to provide recovery programs to help rebuild.
 - c. to provide reform programs to prevent the disaster from reoccurring.
 - d. all of the above
 - e. a and c only

