



Great Depression Causes Quiz

Name: _____

Date: _____

Class: _____

1. Which of the following is a true statement about Black Tuesday?

- a. It was the direct cause of the Great Depression.
- b. It was the result of a steady decline in demand for stocks in the previous 12 months.
- c. It was a cause of the underlying problems that led to the Great Depression.
- d. It was caused by the Dust Bowl that wiped out farms in the Midwest.

2. What caused Herbert Hoover to raise taxes during the Depression?

- a. He wanted to prolong the recession for political gain
- b. He thought that collecting taxes would make stocks rise immediately
- c. He wanted to balance the federal government's budget
- d. He wanted to re-distribute money from the rich to the poor

3. Which of the following trends during the 1920s set the stage for the Great Depression?

- a. Americans building up personal debt
- b. Banks making lots of very safe loans
- c. Americans refusing to play the stock market
- d. A lack of developed farmland in the Midwest and Great Plains

4. How do the Federal Reserve and the government respond to economic slowdowns today?

- a. They raise interest rates to encourage saving
- b. They keep a tight rein on the money supply
- c. They make money available to individuals and businesses
- d. They don't do anything; the market corrects itself

5. What can you infer about the federal government's economic policies during the Roaring Twenties?

- a. It regulated the stock market tightly
- b. It encouraged saving
- c. It encouraged the fair distribution of wealth
- d. It encouraged spending

6. Which of the following problems was a key factor that helped lead to both the Great Depression of the 1930s and the economic recession that began in 2008?

- a. Americans were going to too many jazz concerts.
- b. Business was booming, and profits were distributed equally among workers and managers.
- c. The United States was mired in a costly war at both times.
- d. Americans were spending too much money that they didn't have.

7. Which of the following is an opinion about credit?

- a. During the 1920s, people could buy stocks on credit.
- b. Credit makes it easier for people to buy things they can't afford.
- c. We would be better off if credit cards had never been invented.
- d. The easy availability of credit during the 1920s led to an increase in debt.

8. Which of the following choices describes a recession?

- a. Supply is greater than demand
- b. Demand is greater than supply
- c. Demand increases very quickly
- d. Supply decreases very quickly

9. Why did so many banks fail during the Great Depression?

- a. Back then, banks had no deposits—they only made loans
- b. The banks had invested all their depositors' money in the stock market
- c. The banks had used their depositors' money to buy automobiles, radios, and other popular inventions
- d. The banks had made risky loans that weren't paid back

10. What do most historians credit with ending the Great Depression?

- a. The election of Franklin D. Roosevelt in 1932.
- b. Massive government spending in preparation for World War II.
- c. The end of World War I.
- d. The passage of the National Recovery Act in 1933.