Name ______________________________

Unintended Consequences: Government Policies and the Great Depression

Multiple Choice Questions

1. What was the main unintended consequence of the Smoot-Hawley Tariff Act during the Great Depression?

a) Increased international trade

b) Reduced global trade and economic downturn

c) Improved relations with other countries

d) Expansion of American industries

2. How did the Federal Reserve's initial response to the Great Depression affect the money supply?

a) It increased the money supply.

b) It had no impact on the money supply.

c) It led to deflation and reduced the money supply.

d) It caused inflation and increased the money supply.

3. What was the drawback of adhering to the gold standard during the Great Depression?

a) It allowed for greater flexibility in implementing monetary policies.

b) It had no impact on the economy.

c) It tied the value of the U.S. dollar to a fixed amount of gold.

d) It encouraged government spending.

4. How did the reduction in government spending during the early years of the Great Depression affect the economy?

a) It stimulated economic growth and increased production.

b) It had no impact on the economy.

c) It reduced demand, production, and increased unemployment.

d) It led to lower taxes for the public.

5. What was a significant consequence of the lack of deposit insurance during the Great Depression?

a) Increased confidence in the banking system

b) Bank runs and a destabilized financial system

c) A surge in bank investments

d) Improved economic stability