Activity 2 Multiple Choice Assessment

1. Currently, the world’s largest economy is
   1. India
   2. China
   3. United States
   4. Japan
2. A system for making stuff and distributing it is called a/an
   1. Corporation
   2. Economy
   3. Exporter
   4. Assembly line
3. Which of the following is NOT a goal of the Federal Reserve?
   1. Growing the economy
   2. Keeping banks safe
   3. Printing a sufficient amount of currency.
   4. Making payments secure.
4. A run on a bank occurs because
   1. Depositors fear that their bank will close.
   2. Bankers have secretly stolen funds from the bank.
   3. A bank has not been allowed to open a branch that would serve more depositors.
   4. A bank has too much cash in its vault, prompting a fear the bank might be robbed.
5. Which president signed the Federal Reserve Act into law?
   1. Herbert Hoover
   2. Warren G. Harding
   3. Theodore Roosevelt
   4. Woodrow Wilson
6. In what year was the Federal Reserve Act signed into law?
   1. 1909
   2. 1913
   3. 1917
   4. 1921
7. How many Federal Reserve Banks were established by the Federal Reserve Act?
   1. 10
   2. 12
   3. 14
   4. 16
8. What tool does the Federal Reserve use to influence economic growth?
   1. Monetary policy
   2. Fiscal policy
   3. Demand and supply
   4. usury laws
9. The Chicago Federal Reserve Bank is in what District?
   1. 5th
   2. 7th
   3. 8th
   4. 10th
10. What percent of the nation’s corn, soybeans, and hog production comes from the Chicago Federal Reserve’s District?
    1. 10%
    2. 20%
    3. 30%
    4. 40%
11. Research economists employed by the Federal Reserve analyze information to try to determine
    1. What factors contributed most to the Great Depression.
    2. Which political party will be in office after the next national election.
    3. Where they think the economy is going.
    4. How to design U.S. currency to avoid counterfeiting.
12. When the Chicago Federal Reserve president travels to Washington, D.C., how many people will be in attendance?
    1. The 7 Board of Governors
    2. The 12 District Presidents.
    3. Both a and b
    4. The entire House of Representatives
13. During the meeting in Washington D.C. that was mentioned in the video, on what were the members voting?
    1. What to do with the short-term interest rate.
    2. What to do with open market operations.
    3. What to do with reserve requirements.
    4. Which member banks to audit.
14. Interest rate changes by the FOMC will NOT be seen in
    1. Deposits in savings accounts
    2. Car loans
    3. Home mortgages.
    4. FDIC deposit limits.
15. One of the goals of monetary policy is to avoid
    1. Bank failures.
    2. Having to use Fiscal Policy.
    3. Booms and busts in the economy.
    4. Foreclosures in the housing industry.
16. If the Fed chooses to lower interest rates, they can assume that
    1. More people with bad credit scores can get a loan.
    2. More borrowing will take place.
    3. The Federal government’s debt will fall.
    4. Eventually prices in the economy will increase.
17. According to the video, the goal of the Federal Reserve in supervising banks is to make sure that banks are
    1. Not loaning money to other banks in their district.
    2. Not loaning money to corporations internationally.
    3. Keeping all their depositors’ money in their vault.
    4. Protecting depositors’ money.
18. If people didn’t have confidence in our banking system and chose not to put their savings in banks, activity in the economy
    1. Would be less.
    2. Would have to be conducted totally in cash.
    3. Would not be able to rely on our market system.
    4. Would become cashless.
19. When Fed bank examiners visit banks, they check to make certain that
    1. Prudent and sound loans are being made.
    2. Money is being lent fairly.
    3. Interest rates being charged are not too low.
    4. Both a and b.
    5. All of the above.
20. Which of the following would not be considered a method of payment?
    1. An IOU
    2. Cash
    3. A checks
    4. An electronic transfer of funds.
21. The Fed’s Automated Clearing House deals primarily with
    1. Checks.
    2. Direct Deposit.
    3. Coins and paper currency.
    4. Loans to individual banks.
22. One reason the Fed is known as the Banker’s Bank is because
    1. It supervises member banks.
    2. Fed Banks provide personnel to member banks in their districts.
    3. All banks must have an account at their District Fed Bank.
    4. All banks must send their daily deposits to their District Fed Bank.
23. What government entity is responsible for printing U.S. currency?
    1. The Federal Reserve Bank of New York
    2. The Bureau of Engraving and Printing
    3. The Denver Mint
    4. The Department of Commerce
24. Counterfeit currency will be taken out of circulation by
    1. The F.B.I.
    2. The C.I.A.
    3. The Fed
    4. The D.E.A.
25. If a commercial bank has a surplus of vault cash it can
    1. Send it to neighboring commercial banks for security.
    2. Use all its vault cash to make loans.
    3. Deposit it in its account at its Fed Bank.
    4. Pay dividends to its owners.
26. According to the video, what is the backbone of our economy?
    1. Competition
    2. Our system of laws
    3. The American worker
    4. Our banking system
27. Over the past 20 years, methods of paying for things
    1. Have stayed rather constant.
    2. Cannot be determined without more research by economists.
    3. Continue to be primarily with cash.
    4. Changed dramatically.
28. The government entity that distributes new currency to the economy is
    1. The Federal Reserve.
    2. The Bureau of Engraving and Printing.
    3. The Board of Governors.
    4. Congress.