Quiz# 1 Inside Job

1.(m/c) According to Inside Job, Iceland did all of the following EXCEPT:

a. privatized its banks b. deregulated the economy c. allowed highly speculative loans

d. opened natural resources to foreign corporations e. none are exceptions

2.(m/c) According to Inside Job, President Reagan deregulated what industry?

a. airlines b. savings and loans c. insurance companies d. media e. energy

3.(m/c) The Depression-era legislation that made it illegal for commercial banks and insurance companies to merge was:

a. Graham-Leach-Bliley b. Commodities Futures Exchange Act

c. Glass-Steagall d. Federal Trade Commission Act e. Financial Regulation Act

4.(m/c) Under what President did the housing bubble occur?

a. Reagan b. Bush I c. Clinton d. Bush II e. Obama

5.(m/c) Banks and mortgage companies gave out loans to people even if:

a. they had bad credit. b. they could make no down payment

c. they knew the borrower could not meet the monthly mortgage payments d. a and b e. all above

6. (m/c) Banks and mortgage companies could do the above (#10) because they bundled the mortgages and sold them as securities called:

a. credit default swaps b. collateralized debt obligation c. securities

d. housing mortgage bundles e. SDTWE

7.(m/c) The collapse of the investment bank \_\_\_\_\_\_\_\_\_ was one main of the main causes of the global financial crisis?

a. Merrill Lynch b. Bear Sterns c. Lehman Brothers d. Goldman Sachs

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8.(m/c) Which two corporations merged illegally but got a waiver until the law was changed?

a. Wells Fargo/Hartford b. Bank of America/Farmers Insurance

c. Citibank/Travelers d. J.P. Morgan/Chase e. Time/Warner

9.(m/c) The Obama administration dealt with the crisis in which of the following ways?

a. continued the bailout of the financial industry.

b. appointed the same people that created the crisis to solve the crisis.

c. ordered the justice department to pursue criminal charges against those in the industry that broke the law

d. a and b e. all of above

10.(m/c) Academics contributed in which of the following ways to the economic crisis?

a. worked in the government in policy making capacities

b. published research papers supporting the deregulation policies.

c. received large sums of money to advocate for and defend the deregulation policies.

d. a and b e. none are exceptions

1. (m/c) The beginning of the documentary Inside Job examined deregulation in which of the following countries?

a. Ecuador b. Iceland c. Greenland d. Great Britain e. Norway

1.(m/c) According to Inside Job, deregulation in the U.S began with whose administration?

a. Richard Nixon b. Jimmy Carter c. Ronald Reagan

d. George W. Bush e. George H.W. Bush

4.(t/f)The Commodities Futures Modernization Act was legislation that regulated derivatives.

7.(t/f) Ratings agencies like Standard and Poors gave Triple A ratings to bundled derivatives and later claimed that their ratings were not conclusions based on their expertise but only opinions

14. (m/c) All of the following are consequences of the financial crisis of 2007 EXCEPT:

a. it was global b. millions lost their homes c. million lost their jobs

d. millions lost their retirement e. none are exceptions

9.(t/f) The Obama administration did its best to fix the crisis by appointing people to key positions who had expertise and who were obviously not involved in creating the problem.

46.(m/c).

50.(m/c) What two companies merged illegally but were given a waiver which allowed them to proceed with the merger?

a. Chase and Bears Stern b. Wells Fargo and Goldman Sachs c. Citibank and Travelers

d. Bank of America and AIG

8.(m/c) What company sold insurance to third parties on derivative transactions even though it knew it could never pay off?

a. HRB b. TIC c. Aetna d. AIG e. Hartford

56.(t/f) Unfortunately, the global economic crisis was unpredictable because no one warned financial industry of the inevitable consequences of their actions.

57.(m/c) Which of the following led to the housing bubble?

a. speculators buying houses b. subprime mortgages c. deregulation of derivatives

d. b and c e. all of above

59.(t/f) Fortunately, under the Obama administration, regulatory constraints have been placed on the financial industry which include criminal penalties. This is to prevent this from ever happening again.

6.(t/f) The Commodities Futures Modernization Act and the Gramm-Leech-Bliley Act were two legislations that deregulated the financial industry and created the conditions for the economic crisis of 2007.