



AMERICAN GOVERNMENT



BANKRUPTCY

1. What is the primary reason the Founders delegated the power to establish uniform rules of bankruptcy to the federal government?
 - A) To encourage state-level independence in financial regulation.
 - B) To ensure consistent standards across states for business transactions.
 - C) To simplify state-level financial laws.
 - D) To eliminate the need for contracts between states.
2. According to St. George Tucker, what distinguishes an honest bankrupt from a fraudulent one?
 - A) The amount of debt owed.
 - B) Whether the losses were unavoidable or due to misfortune.
 - C) The bankrupt's political or social status.
 - D) The speed with which they declared bankruptcy.
3. What is a key consequence of not having a uniform rule for bankruptcy?
 - A) Increased reliability in interstate commerce.
 - B) Loss of confidence in contracts and business transactions.
 - C) Enhanced economic competition between states.
 - D) Greater financial independence for individuals.
4. Why is it essential for the federal government to regulate the value of money?
 - A) To allow states to independently determine the value of their currencies.
 - B) To prevent competition between states based on currency manipulation.
 - C) To ensure businesses avoid creating contracts with foreign entities.
 - D) To simplify the creation of state currencies.
5. What role does standardized money play in international business transactions?
 - A) It allows each state to set its exchange rates with foreign nations.
 - B) It simplifies foreign contracts by using a single, reliable currency.
 - C) It reduces the need for international treaties on currency exchange.
 - D) It prevents foreign nations from trading with certain states.



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6. Why did the Founders prefer a money system based on the gold and silver standard?
- A) To allow greater flexibility in printing money.
 - B) To ensure monetary value was based on a reliable commodity.
 - C) To encourage the use of fiat currency in trade.
 - D) To eliminate the need for federal oversight of the currency.
7. How does counterfeiting impact the reliability of a monetary system?
- A) It increases confidence in the value of money.
 - B) It destabilizes the economy by undermining trust in currency.
 - C) It promotes innovation in creating counterfeit-proof money.
 - D) It strengthens interstate financial competition.
8. What is a potential outcome of states having their own currencies with differing values?
- A) Improved economic cooperation between states.
 - B) Increased economic competition and hostility among states.
 - C) Easier international trade for individual states.
 - D) Simplified taxation for interstate commerce.
9. How does the federal control of currency and standards contribute to the union's stability?
- A) By enabling states to manipulate their currencies for profit.
 - B) By ensuring uniformity and trust in financial transactions.
 - C) By promoting state independence in financial matters.
 - D) By eliminating the need for interstate trade agreements.
10. What future topic will the next class cover, according to the lesson?
- A) The details of Clause 7 in Article I, Section 8.
 - B) The advantages of fiat currency over the gold standard.
 - C) The history and value of money, including gold and silver standards.
 - D) The evolution of state financial systems.



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Answer Key:

1. B
2. B
3. B
4. B
5. B
6. B
7. B
8. B
9. B
10. C



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Discussion Questions for High School Students

- 1. Why do you think the Founders believed it was important to create a uniform system for bankruptcy?**
 - Encourage students to consider how inconsistency between states could affect fairness, trust, and economic stability.
- 2. What would happen if each state in the U.S. had its own currency?**
 - Discuss the potential impact on interstate commerce, foreign trade, and the unity of the country as a whole.
- 3. Why is trust in money and contracts important for a functioning economy? Can you think of examples where this trust might be broken?**
 - Explore real-world scenarios, such as hyperinflation or fraudulent contracts, and their effects on individuals and businesses.
- 4. Do you agree with the idea that the federal government should regulate money and standards like weights and measures? Why or why not?**
 - Encourage students to debate whether centralization or state independence is better for maintaining order and fairness.
- 5. What lessons can modern governments learn from the Founders' decision to base money on a gold and silver standard?**
 - Invite students to compare the stability of commodity-based money to fiat currency and discuss their relevance today.