* **THE GREAT DEPRESSION BEGINS -- Lesson 1 – Test 10**
* **1. SECTION 1: THE NATION’S SICK ECONOMY**
* **Agriculture & Railroads**
* **Textiles & Steel**
* **Mining & Lumber**
* **Automobiles & Housing**
* **Consumer goods**
* **2. FARMERS STRUGGLE**
* **No industry suffered as much as \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.**
* **During World War I European demand for American crops soared.**
* **After the war demand \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.**
* **Farmers \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ production sending prices further downward.  
  Same old story? Farmers struggle more than any other group in the 20s & 30s.**
* **3. CONSUMER SPENDING DOWN**
* **By the late 1920s, American \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ were buying less.**
* **Rising prices, stagnant wages and overbuying on \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ were to blame.**
* **Most people did not have the money to buy the flood of goods factories produced. Consumer economy? Problem?**
* **4. GAP BETWEEN RICH & POOR**
* **The gap between rich and poor widened.**
* **The wealthiest 1% saw their income rise 75%.**
* **The rest of the population saw an increase of only 9%.**
* **More than 70% of American families earned less than $2500 per year.**
* **5. HOOVER WINS 1928 ELECTION**
* **Republican Herbert Hoover ran against Democrat Alfred E. Smith in the 1928 election.**
* **Hoover emphasized years of prosperity under \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ administrations.**
* **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ won an overwhelming victory. Why? Confidence? Promises?**
* **6. THE STOCK MARKET**
* **By 1929, many Americans were invested in the Stock Market.**
* **The \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ had become the most visible symbol of a prosperous American economy.**
* **The \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Industrial Average was the barometer of the Stock Market’s worth.**
* **The Dow is a measure based on the stock price of 30 large firms.**

* **7. STOCK PRICES RISE THROUGH THE 1920s**
* **Through most of the 1920s, \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ rose steadily. Why? Everybody Ought To Be Rich?**
* **The Dow reached a high in 1929 of 381 points (300 points higher than 1924).**
* **By 1929, \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_Americans owned stocks.  
  Bull Market?**
* **8. SEEDS OF TROUBLE**
* **By the late 1920s, problems with the economy emerged.**
* ***\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_:* Too many Americans were engaged in speculation – buying stocks & bonds hoping for a quick profit. Speculators? Stocks rising above their real value? False foundation for success of the stock market? Overspeculation?**
* ***\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_:* Americans were buying “on margin” – paying a small percentage of a stock’s price as a down** **payment and borrowing the rest. Allowed for too many people to buy into stock market. Problems? Overspeculation? Debt? Illegal today? Inflation of companies real worth? Reality?**
* **9. THE 1929 CRASH**
* **In September the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ had some unusual up & down movements.**
* **On October 24, the market took a plunge . . .the worst was yet to come. Black Thursday?**
* **On October 29, now known as \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, the bottom fell out.**
* **16.4 million shares were sold that day – prices plummeted.**
* **People who had bought on margin (credit) were stuck with huge debts. Stocks? Who lost money? Everything? Today?**
* **10. THE GREAT DEPRESSION**
* **The Stock Market crash signaled the beginning of the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.**
* **The Great Depression is generally defined as the period from \_\_\_\_\_\_\_\_\_\_\_\_ in which the economy plummeted and unemployment skyrocketed.**
* **The crash alone did not cause the Great Depression, but it hastened its arrival.**
* **11. FINANCIAL COLLAPSE**
* **After the crash, many Americans panicked and \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ their money from banks. Chain reaction of Panic? Result?**
* **Banks had invested in the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ and lost money.**
* **In 1929- 600 banks fail.**
* **By 1933 – 11,000 of the 25,000 banks nationwide had collapsed. Why? Impact on the economy? Innocent People?**
* **12. GNP DROPS, UNEMPLOYMENT SOARS**
* **Between 1928-1932, the U.S. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (GNP) – the total output of a nation’s goods & services – fell nearly 50% from $104 billion to $59 billion.**
* **90,000 businesses went bankrupt.**
* **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ leaped from 3% in 1929 to 25% in 1933. Why?**
* **13. HAWLEY-SMOOT TARIFF**
* **The U.S. was not the only country gripped by the Great Depression.**
* **Much of \_\_\_\_\_\_\_\_\_\_\_\_\_\_ suffered throughout the 1920s.**
* **In 1930, Congress passed the toughest tariff in U.S. history called the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.**
* **It was meant to protect U.S. industry yet had the opposite effect.**
* **Other countries enacted their own tariffs and soon world trade fell 40%. Backfired? How?**
* **14. CAUSES OF THE GREAT DEPRESSION**

**Tariffs & war debt policies**

* **U.S. demand low, despite factories producing more**
* **Farm sector crisis**
* **Easy credit**
* **Unequal distribution of income**
* **Stock Market Crash**
* **Bank Crisis**
* **Business Closings & Massive Unemployment -- Chain reaction of events? Future?**