

CHAPTER

13

VOCABULARY AND GUIDED READING ACTIVITY

Section 1: The Crash and Its Aftermath

The Great
DepressionUnderstanding
Vocabulary

Fill in the blanks with vocabulary words from the section.

- stock
- speculation
- margin
- depression
- unemployment

1. Buying stocks expected to rise quickly in price in hopes of selling at a profit:

2. Period characterized by severely reduced economic activity:

3. Act of paying a fraction of a stock's worth and owing the rest, with the stock as collateral:

4. The condition of being out of work and unable to find a new job:

5. Interest- or dividend-paying shares in a company:

UNDERSTANDING CONCEPTS

① As you read Section 1, fill in the blanks in the following section outline.

I. Why Did the Crash Occur?

- A. Speculating in the 1920s _____ market, people often bought shares on _____ and watched as _____ rose.
- B. By the summer of 1929, though, the market was _____, and a few investors began to sell, causing prices to _____ slowly.
- C. As brokers called in margins, many _____ did not have cash to pay for their stocks, and brokers were forced to _____.
- D. By the last week of _____, the bottom fell out of the market, causing the biggest stock market _____ in history.
- E. Most of the United States fell into a deep financial _____.

II. The Causes of the Great Depression

- A. In the 1920s some incomes had declined throughout the decade, leaving fewer people to buy all the new _____ being produced.
- B. After the crash, the _____ followed a restrictive policy.
- C. _____ trade also slowed down and high _____ on imported goods were imposed.

III. Hoover's Response

- A. President Hoover thought federal, state, and _____ governments could help avoid harmful _____ in the business cycle.
- B. Farmers, however, could not afford to make _____ payments to banks, and thousands lost their land and jobs.
- C. The 1930s saw mounting poverty, with _____ stretching for blocks and _____ funds proving inadequate.

IV. Too Little Too Late

- A. In 1932 President Hoover established the _____, which authorized relief to banks and industries.
- B. When veterans with _____ certificates organized, Hoover sent Army Chief of Staff _____ to use military force.
- C. In 1932 the public voted for a _____ candidate.

② In the blank, write the word or words that best complete the sentence.

1. The most famous song of the Depression era was _____.
2. A speculator investing in Hershey Chocolate in August 1928 and selling in September 1929 made a profit of _____.