

Name \_\_\_\_\_

## The Stock Market Crash and the Great Depression: A Tale of Economic Turmoil

### Short Answer Key

1. Before the crash of 1929, the stock market experienced a period of significant growth and soaring stock prices, fueled by speculation and excessive borrowing by investors.
2. The immediate effects of the stock market crash included billions of dollars in losses, a wave of bank failures, and a reduction in consumer spending as people feared economic turmoil.
3. The Great Depression led to a sharp reduction in consumer spending as people cut back on expenses due to uncertainty about their financial futures. This drop in demand for goods and services resulted in further layoffs and business closures.
4. President Herbert Hoover initially took a limited government involvement approach, hoping that the economy would recover on its own without significant government intervention.
5. The Great Depression led to significant changes in government policy and regulation, including the establishment of social safety nets like Social Security and unemployment insurance.

