

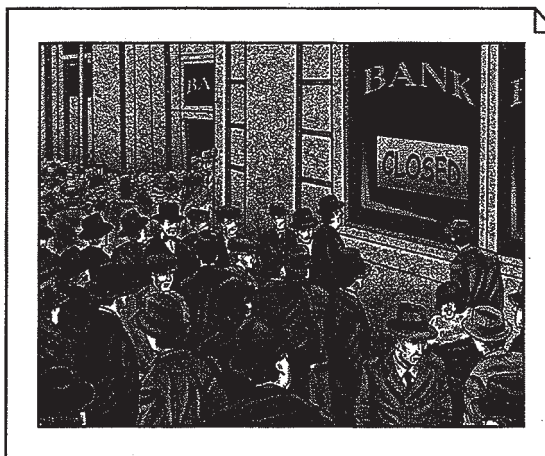
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# THE STOCK MARKET CRASH

The United States enjoyed a time of wealth through the 1920s. President Herbert Hoover took office in March 1929. In his inauguration speech, he said, "I have no fears for the future of our country. It is bright with hope.,,"

During the late 1920s, it became popular to invest money in the stock market. Buying stocks and selling them for higher prices seemed like an easy way to make money. Some people spent all their savings on shares of stock. Stock prices kept going up. People believed that no matter how high a stock's price got, someone would buy it. However, they would soon learn that there was a limit to what people would pay. The market reached this point in September 1929.



Thousands of investors decided to sell their stocks on Thursday, October 24, 1929. The problem was nobody wanted to buy the stocks at such high prices. With many sellers and few buyers, stock values dropped. Prices fell so quickly that billions of dollars were lost.

The next week, many people panicked and sold all their stocks. They sold them before the prices fell any lower. By selling their stocks at this time, investors got back some of the money they had spent to buy the stocks. But stock prices kept falling. Eventually, there was nobody to buy most stocks, and those stocks became completely worthless.

On October 29, 1929, or Black Tuesday, the stock market crashed. Billions of dollars were lost on the worst day in stock market history. Even people who did not put money in the stock market lost their money. Banks had invested in the stock market with their customers' savings. When the market crashed, many banks went out of business. People all over the country lost their life savings.

Congress would later pass a law that created the Federal Deposit Insurance Corporation (FDIC). Today, the FDIC guarantees that when you put money in a bank, it will be there when you go to take it out. But the FDIC was created too late to help people in the 1930s. They had already lost much of their money.

The Stock Market Crash of 1929 was the beginning of the Great Depression. The Depression lasted until the early 1940s. During this time, millions of U.S. workers were unemployed. People had little money for rent, food, and clothing. Americans struggled to survive.

Name: \_\_\_\_\_

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# THE STOCK MARKET CRASH

## Multiple Choice

*Circle the best answer, and write the letter in the box.*

- D** 1. People make money in the stock market by buying stocks and \_\_\_\_\_
- A. selling them for lower prices
  - B. selling them for higher prices
  - C. never selling them
  - D. all of the above
- D** 2. As stock prices fell in October 1929, people \_\_\_\_\_
- A. bought more stock
  - B. tried to sell their stocks
  - C. put more money in banks
  - D. none of the above
- D** 3. The worst day in stock market history is known as \_\_\_\_\_
- A. Dark Monday
  - B. Black Tuesday
  - C. Gray Wednesday
  - D. Pale Thursday
- D** 4. The \_\_\_\_\_ was created to protect people's bank accounts.
- A. stock market
  - B. Great Depression
  - C. FDIC
  - D. U.S. Treasury
- D** 5. The Stock Market Crash of 1929 was the beginning of \_\_\_\_\_
- A. World War I
  - B. the Industrial Revolution
  - C. the Cold War
  - D. the Great Depression

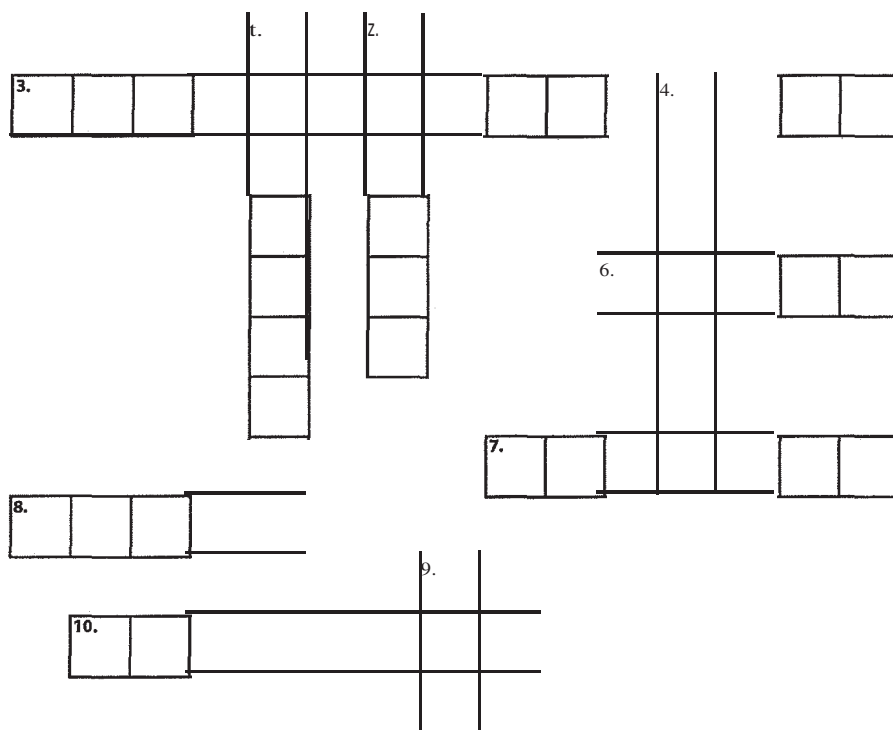
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# THE STOCK MARKET CRASH

## Crossword Puzzle

Write the best answer in each blank, and complete the crossword puzzle.



**ACROSS**

- 3. The \_\_\_\_\_ lasted until the early 1940s.
- 6. On the worst day in stock market history, \_\_\_\_\_ of dollars were lost.
- 7. When the stock market \_\_\_\_\_, people all over the country lost their life savings.
- 8. October 29, 1929, is known as \_\_\_\_\_ Tuesday.
- 10. Because nobody wanted to buy most stocks, those stocks became completely \_\_\_\_\_.

**DOWN**

- 1. During the late 1920s, it became popular to invest money in the \_\_\_\_\_.
- 2. The United States enjoyed a time of \_\_\_\_\_ through the 1920s.
- 4. Some people spent all their \_\_\_\_\_ on shares of stock.
- 5. When the stock market crashed, many \_\_\_\_\_ went out of business.
- 9. Because more people wanted to \_\_\_\_\_ stocks than buy them, the stock market crashed.

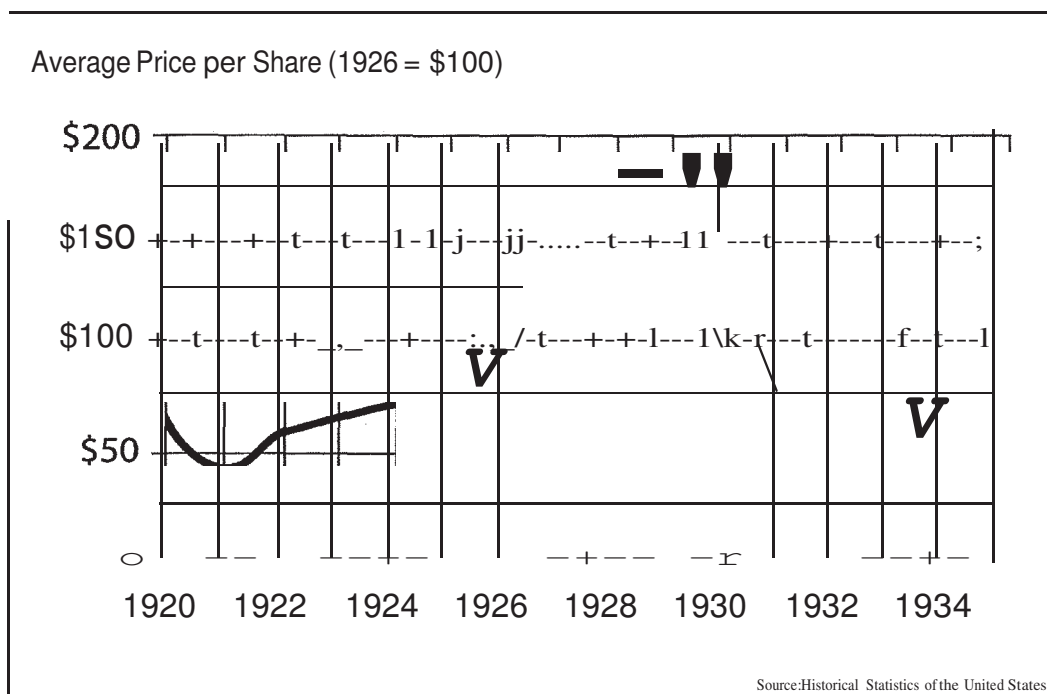
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# THE STOCK MARKET CRASH

## Graph- Average Price Per Share of Stock 1920-1935

Use the graph to answer the following questions. Write the answers in complete sentences.



1. How much was the average stock price in 1929?

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2. How much did the average stock price drop between 1929 and 1932?

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3. In what year did the average stock price start to rise again?

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Name:

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# THE STOCK MARKET CRASH

## Extension Activities

Choose one of the following activities to complete. Write the answer in complete sentences.

1. Why do you think some people invested a lot of their money in the stock market in the late 1920s, even though there was some risk involved? Explain your answer.

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2. Pretend you are a businessperson who has just lost a great deal of money in the Stock Market Crash of 1929. Write a journal entry that describes how you feel.

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3. Today, the FDIC guarantees the money a person keeps in a bank account, but only up to a certain amount. Look on the Internet or at the library to find out the largest amount of money a person can have insured.

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Name:

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# QUIZ: THE STOCK MARKET CRASH

## True/False

Decide if each statement is true or false, and write "true" or "false" in the blank.

- \_\_\_\_\_ 1. The worst day in stock market history is known as Black Tuesday.
- \_\_\_\_\_ 2. As stock prices fell, people bought more stocks.
- \_\_\_\_\_ 3. The Stock Market Crash was the beginning of the Great Depression.
- \_\_\_\_\_ 4. The United States enjoyed a time of wealth through the 1930s.
- \_\_\_\_\_ 5. When the stock market crashed, many banks went out of business.

## Multiple Choice

Circle the best answer, and write the letter in the box.

- D** 6. The FDIC was created to protect people's \_\_\_\_\_
- A. stock market investments
  - B. bank accounts
  - C. home mortgages
  - D. car loans
- D** 7. The stock market crashed on October 29, \_\_\_\_\_
- A. 1929
  - B. 1919
  - C. 1940
  - D. 1925

## Short Answer

Answer the following question in complete sentences.

8. About how long did the Great Depression last?

\_\_\_\_\_

\_\_\_\_\_