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**Chapter 12 – Section 1, The Economy in the Late 1920s**

**Read the text and answer the following questions.**

1. What were three reasons people were optimistic about the economy in the late 1920s?

2. What was welfare capitalism and how did it help prevent any more violent labor strikes?

3. Why was the nation’s prosperity and wealth misleading?

4. How did buying on credit lead to an increase in personal debt?

5. What was “speculation?”

6. How did the type of investors differ from before WWI?

7. How did “buying on margin” allow even more people to invest?

8. Why were the country’s warehouses loaded with piles of unpurchased consumer goods?

9. What did this overproduction of goods lead to?

10. What trouble did farmers face in the late 1920s?

11. What was life like for factory workers?

12. So, what five factors then, were leading to major disaster?

1.

2.

3

4.

5.