Answer Key

Chapter 10

Section 2

Reteaching Activity

A. Making Inferences

1. No, because many banks issued their own currency and did not back it up with gold or silver.
2. Hamilton believed that the federal government had the authority to create a national bank that would regulate currency. His efforts resulted in the chartering of the country's first national bank.
3. Opposition to the bank was so strong that Congress refused to renew its charter. As a result, state banks increased the money supply, causing inflation.
4. Yes, because it caused him to veto the charter of the Second Bank of the United States. With no federal oversight, state banks engaged in questionable practices that led to economic instability.
5. Roosevelt hoped to put the economy back on its feet and avoid further financial panic.
6. Deregulation enabled S&Ls to take more risks, causing many to fail. Depositors lost money and billions of dollars of taxpayers' money were spent to restructure the S&L industry.

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