## Wall Street Crash: causes + consequences

Mission: to understand the key causes and effects of the Wall Street Crash in 1929.

Cause



Overproduction

American companies made more goods than they could sell.

Many Americans could not afford to buy consumer goods due to an unequal distribution of wealth.

American goods could not be sold in Europe. Tariffs were put on American goods in response to Republican trade policies. As company profits stalled and then decreased the value companies began to fall.

> Causes Connect

Cause



Speculation

Banks allowed people to borrow money too easily. Many bought stock 'on the margin'.

Republican presidents

did not try to control the careless lending of the banks. Republican = Laissez Faire Speculators continued to buy more and more stocks as company share prices climbed.

When people realised companies were getting into trouble they panicked and tried to sell their shares.



**Banks Collapsed** 

People with savings in the banks that collapsed lost everything, even if they had not been speculators



**Banks in Trouble** 

They had loaned too much money. People could not pay the loaned money back.



Black Tuesday

29<sup>th</sup> October 1929

Mass selling as share prices plummeted. Many speculators were ruined.



People with money in banks rushed to take it out. Banks had no money to loan to people.

People stopped buying unnecessary goods. A further fall in production led to business closures and job losses.

## **Economic Consequences**

- 20 000 businesses fold in 1932
- 10 000 banks close
- Value of goods fell 50%
- Farmers suffer, many evicted
- Levels of production fell 80%
- 1928 = 4 million cars sold
- 1931 = 1 million cars sold



America fell into an **Economic** 

**Depression** 



## **Social Consequences**

- Mass unemployment = 12 million
- No unemployment benefit
- People relied on food hand-outs
- Food riots (Oklahoma)
- Many people lost their homes
- Hooverville's (shanty house)
- Suicide rates up to 23000 in 1932

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