Wall Street Crash: causes + consequences

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

1. 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.

2. 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.

Causes
- As company profits stalled and then decreased the value companies began to fall.
- When people realised companies were getting into trouble they panicked and tried to sell their shares.

Connect
- Black Tuesday
  - 29th October 1929
  - Mass selling as share prices plummeted. Many speculators were ruined.

Consequences
- Banks in Trouble
  - They had loaned too much money. People could not pay the loaned money back.

- 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

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

America fell into an Economic Depression
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1. Causes

2. Causes

America fell into an Economic Depression

Economic Consequences

Social Consequences