

Causes of The Great Depression

R	<p><u>Restricted International Trade</u></p> <ul style="list-style-type: none">↳ Europe was trying to sell <u>Alot</u> to pay for WWI↳ Congress feared this would hurt American businesses and Passed the Hawley-Smoot Tariff Act. (1930)↳ This started a tariff war with Europe and made American Products to expensive to sell overseas (worsening the Depression.)
O	<p><u>Over production</u></p> <ul style="list-style-type: none">↳ Farmers didn't do well in 1920's↳ During & After WWI they invested themselves<ul style="list-style-type: none">↳ used <u>credit</u> for new tractors, land, etc↳ They thought they would Profit.↳ Producing @ WWI levels, but Demand was ↓<ul style="list-style-type: none">↳ over floods markets (some) and causes the value of their Product to ↓<ul style="list-style-type: none">↳ unable to Pay Loans / Bills↳ Banks foreclose on equip. and land and Homes.
S	<p><u>Speculation</u></p> <ul style="list-style-type: none">↳ occurred in the stock market, when people were speculating (guessing) the value of that stock would go up.↳ In order to increase Profits, People would buy <u>more</u> stock with Borrowed (loan) money.↳ This helped make the stock market unstable.
S	<p><u>Shaky Banking</u></p> <ul style="list-style-type: none">↳ Americans lost confidence in Banks and began pulling thier money out.<ul style="list-style-type: none">↳ This created bank runs (People rushing to take money out of Banks before they would go out of Business)↳ People also started "Dumping stock" (selling it off) → usually for cheap<ul style="list-style-type: none">↳ This caused the stock market to Crash.↳ Oct 29 1929 "Black Tuesday" <p>* The Fed. Govt established the FDIC to insure people's money and prevent Future Bank Runs.</p>

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