**Prosperity in the 1920s**

* Seemingly unlimited growth, opportunity, and achievement
* Nation’s income 43% ($61-87B)
* Technology = \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
* Stock market at all-time high

**The Depression Foreshadowed**

* Rising unemployment
* Farmers losing farms
* Stock prices dropping
* More impoverished Americans = fewer products sold

**Stock Market 101**

* Pay the current stock price to buy one or more shares of ‘stock’
* ‘Stock’ is partial \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ of a corporation
* If others want to buy that stock, it becomes more valuable
* If others do not, it loses value
* “Buy low, sell high!”
* Once you sell your stock, you get cash. Until you sell, you have a piece of paper!

**STOCK MARKET CRASH!**

* \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_(date)

**Long-Term Causes of the Great Depression**

* Republican domestic and international economic policies
* Stock and real estate speculation
* Unregulated banking practices
* Overproduction of goods
* Decline of the farming industry
* Unequal distribution of wealth
* THE STOCK MARKET CRASH ALONE \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ CAUSE THE GREAT DEPRESSION!!

**Domestic Economic Policies**

* *“The business of America is business*.” – \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
* ‘Trickle-down economics’
* Cut government expenditures, lower taxes on rich, higher taxes on middle and lower classes

**International Economic Policies**

* European nations owe U.S.A. billions!!
* US refusal to forgive or reduce debts
* US lends more $$$ so they can pay us back
* Tariffs (import taxes) keep Americans buying American goods

**Real Estate Speculation**

* “\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_”– make a risky investment in the hope to “GET RICH QUICK!”
* California-Real estate boom goes bust (building permits down \_\_\_\_%)
* Florida-scams and fraudulent practices doom investors

**Unchecked Stock Market Speculation**

* “Virtual feeding frenzy” of buying and selling = value of a company’s stock was deceiving
* Crooked investors look for a quick profit
* Hoover: “Possible hard time [are] coming.”

**The 1929 Stock Market Crash!**

* Analysts warn of an end to the ‘bull market’ (in which prices are constantly rising)
* Investors begin to sell stock prices fall companies reduced production
* Fortunes lost in a day
  + Investors lose $\_\_\_\_B on the 28th and $\_\_\_\_\_B on the 29th

**Unregulated Banking Institutions**

* Stock market crash collapse of banking industry
* ‘laissez-faire’ in the 1920s (speculation, no reserves, uninsured $)
* Banks’ over-extension of credit to stock investors and brokers (buying on margin)

**Banking Industry Collapse**

* Families lose savings in crash; banks have little cash left on reserve
* Banks lose money loaned to ‘buy on the margin’ (even people who did not invest lost out!)
* People default on mortgages due to \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Overproduction of Industrial Goods**

* Technological advances change how Americans live and work
* In the Roaring 1920s:
  + Consumer demand is very high
  + Machine produce quality products quickly
  + Unrestricted capitalism
* By 1929, supply greatly exceeds demand!
* American farmers had prospered during WWI
* Use profits to buy machines to produce more
* After WWI, demand drops surplus!
  + Huge supply + Low demand = Low price**s**

**Farming Industry Decline**

* Farmers borrowed from bank to buy machinery
* Foreclosed on mortgages and other debts
* Banks closed due to \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ and stock market
* Between 1929 and 1933 farmers’ income down \_\_\_\_\_\_\_%
* One million families lose their farms by 1934

**Unequal Distribution of Wealth**

* Gap between the rich and poor widens in the 20s
* By 1929 1% of Americans have 59% of the wealth
* In the 1920s average American’s wages up 9%
* In the 1920s income of rich up 75%!
* Wealth DOES NOT ‘trickle down’
* Consumers in debt ; Cannot afford products

**Conclusion**

* Failure of ‘Trickle-Down Economics
* Decline in international commerce
* Overvaluation of stocks
* Ill-advised banking practices
* Overproduction of goods
* Collapse of agriculture industry
* Unequal distribution of wealth

=\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_!!!