

Causes of the Great Depression

By Victoria Ruan

Causes(DOTS):

- Debt
- Overproduction
- Tariffs
- Stock Market Crash

(Victoria's note)



A once-prosperous businessman is forced to sell his car after losing his money to the stock market. UPI-Corbis Bettmann.

Debt:

- The USA had lent huge sums of money to European countries.
- Germany was **not** able to pay the war reparations so Germany borrowed from the USA. Finally, the USA lost the control of the cycle.

(01_Causes of the Great Depression.pptx-P34)

Overproduction

- New machinery and backflow of the workforce boosted production.
- Most Americans found a way to buy the new products through installment buying, even though they had **little money left over** after paying for necessities such as the food and housing.
- When the demand declined to be less than the supply, factories had to “**cut off**” and “**laid off workers**”.

(Allison McNeill)

Stock Market Crash:

- By the late 1920s nearly everyone who had a decent job saved to buy a share of stock.
- The public could not actually confirm if the companies' declarations were reliable.
- Buying on margin made most of the investors lost their money completely with liabilities on the **Black Tuesday**.

(01_Causes of the Great Depression.pptx-P29-30)

Tariffs:

- Protectionism contributed to the rise of the tariffs. Thus, domestic industries can be protected.
- International trade stagnated.
- Massive inventories of goods would not be to other countries.

(Gene Smiley)



Timesaving appliances were a must-have in the 1920s, so later when many families had one, the sales went down. The Advertising Archive.