

6.1

Causes of the Great Depression

- **Identify how weaknesses in the economy in the 1920s caused the Great Depression.**
- **Explain why the stock market crashed in 1929 and the crash's effect on the economy.**
- **Describe how the Great Depression deepened in the United States and spread overseas.**
- **Identify the causes of the Great Depression and discuss how historians' differ about them.**

The Economy Falls

Business Cycle- Periodic growth & contraction of economy

People thought the economy was healthy & grows through the 1920s

Herbert Hoover is elected president in 1929

Farms suffered economic issues & debt in the 1920s

The Economy Falls

A huge gap between the Rich & Poor created uneven distribution of wealth.

Americans rely too much on credit & installment payments

The Stock Market Crashes

Americans use the Stock Market to try & gain a profit

Money was being used in stock **speculation**, if the market began to fall, investors faced economic devastation

In the Fall of 1929, stock market prices began to fall.

October 29, 1929, **Black Tuesday**, the crash of the stock market, lost billions.

The Great Depression

Period where the economy faltered & unemployment soared

People began to run to the banks & pull out all the money, shutting down the banks

Business made not money & couldn't pay workers, so many collapsed

The [Hawley-Smoot Tariff](#) greatly raised taxes for foreign goods, so Europe raised taxes for American goods