

# Title: The Wall Street Crash

GDF ↓ .15 HJK 1.25 ↑ RTY 1.23 IOP .05 ↑ BNM 12.0 ↑ XCV .20 ↑ QEW ↓ .65



Why did the  
stock market  
collapse in  
October 1929?

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**It is August 1929. All your friends have invested in the stock market and have made a huge profit! You now decide that you will use your life savings and some money that you have borrowed to buy three shares on the stock market. Chose five and see how much money you make!!!!  
This is called SPECULATION**

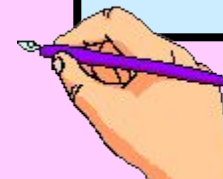


**Go to stock market.**

Share	Cost of one Share
Amsterdam AEX	582.10
Aust All Ord	\$2905
DAX 30	\$5304
Dow US	\$10784
Dublin ISEQ	\$4689
E300 Eurobloc	\$1334.00
E300 Ex Euro	\$1243.60
E300 Ex UK	\$848.60
EFF	\$55.40
Ebloc 100	\$2001.90
Eurotop 300	\$306.80
Frankfurt Dax	\$5304
FTSE	\$6000
FTSE 350	\$2218.60

# August 1929

Chose three  
shares and  
record the name  
of the share and  
how much it is  
worth!



Click to see how  
your shares have  
done!

Share	Cost of 1 Share	 
Amsterdam AEX	572.10	Lose \$10
Aust All Ord	\$2915	Gain \$10
DAX 30	\$5304	No profit
Dow US	\$10804	Gain \$20
Dublin ISEQ	\$4669	Lose \$20
E300 Eurobloc	\$1364.00	Gain \$30
E300 Ex Euro	\$1263.60	Gain £20
E300 Ex UK	\$1348.60	Gain \$500
EFF	\$105.40	Gain \$50
Ebloc 100	\$1091.90	Lose \$10
Eurotop 300	\$1306.80	Gain \$1000
Frankfurt Dax	\$5304	No profit
FTSE	\$6040	Gain \$40
FTSE 350	\$2918.60	Gain \$700

# September 1929



How have your  
shares  
performed?  
What are you  
going to do?



Click to see how  
your shares have  
done!

Share	Cost of 1 Share	 
Amsterdam AEX	\$472.10	Lose \$100
Aust All Ord	\$2715	Lose \$200
DAX 30	\$3404	Lose \$200
Dow US	\$9804	Lose \$1000
Dublin ISEQ	\$3669	Lose \$1000
E300 Eurobloc	\$1164.00	Lose \$200
E300 Ex Euro	\$1163.60	Lose \$100
E300 Ex UK	\$1148.60	Lose \$200
EFF	\$55.40	Lose \$50
Ebloc 100	\$991.90	Lose \$100
Eurotop 300	\$706.80	Lose \$600
Frankfurt Dax	\$3304	Lose \$2000
FTSE	\$4040	Lose \$2000
FTSE 350	\$1918.60	Lose \$1000

# October 1929

The stock market has just crashed. Panic selling occurs. What are you going to do!!



Click to find out how the stock market is doing

Share	Cost of 1Share	 
Amsterdam AEX	\$100	Lose \$372.10
Aust All Ord	\$0	Lose \$2715
DAX 30	\$50	Lose \$3354
Dow US	\$20	Lose \$9704
Dublin ISEQ	\$100	Lose \$3569
E300 Eurobloc	\$10	Lose \$1154
E300 Ex Euro	\$0	Lose \$1163.60
E300 Ex UK	\$40	Lose \$1108.60
EFF	\$0	Lose \$55.50
Ebloc 100	\$100	Lose \$991.90
Eurotop 300	\$0	Lose \$706.80
Frankfurt Dax	\$50	Lose \$3254
FTSE	\$10	Lose \$4030
FTSE 350	\$10	Lose \$1908.60

# January 1930

It is January 1930.  
 The stock market has collapsed!

How are your shares doing?

What are you going to do?



Go to definition of speculation.

# Causes of the Wall Street Crash

- Poor distribution of income between rich and poor.
- Overproduction by American Industries.
- No export market for US goods
- Agriculture - over production
- Speculation

Create a diagram which shows how the Wall Street Crash happened. You need to show that there were long and short term factors.



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# Poor distribution of income between rich and poor

The richest 5% of the population earned 33% of all the money earned in the USA

This meant

- Only a relatively small number of Americans could really afford the goods being manufactured.
- Many bought goods through Hire Purchase (HP)
- By the late 1920s there were not enough people willing to buy the volume of goods being produced.





# Overproduction by American Industries.

By the late 1920s more goods were being made than there were people who could afford to buy them. As a result, companies

- Decreased their prices
- Made smaller profits
- Started to sack workers



# No export market for US goods

- In reply to USA's tariffs against goods from abroad, set in the early 1920s, foreign countries imposed tariffs on American goods.
- This made it hard for American businesses to sell goods abroad
- The USA could not export its surpluses when demand at home began to fall.





# Agriculture



After 1920 the war time prosperity of American farmers ended due to:

- Farmers in Europe no-longer needing food from USA as they were able to cultivate their land again ( Belgium and France)
- American Farmers, often using modern machinery, overproduced using a fall in food prices.
- Some farmers, due to the reduction in profits, were unable to make their mortgage payments. This resulted in their farms being repossessed. In 1928 about 600,000 farmers lost their land



# Speculation on the stock market



Speculation is a form of gambling. Speculators do not keep their shares for long. They borrow money to buy their shares and sell them quickly when the price has risen. As the stock market in the 1920s was so strong many people believed that they could 'get rich quick', so got into debt to buy shares thinking they'd get a guaranteed profit.

# Prioritisation

Look at the 5 reasons you have just arranged in your diagram. Try to prioritise which was the most important in sending the USA towards the Crash and then depression.

Write a few sentences to explain your choice.