The Causes and Consequences of the Stock Market Crash of 1929
The United States emerged from WWI as a global power. The stock market boom and optimism of the 1920’s were generated by investments made with borrowed money.

When businesses failed, the stocks lost their value, prices fell, production slowed, banks collapsed and unemployment became widespread.
Specific Causes:

- Business was booming, but investments were made with borrowed money (over speculation).
- Excessive expansion of credit
- Business failures led to bankruptcies
- Bank deposits were invested in the market
- Banks lost the money when the market collapsed.
The Crash!

October, 1929
Consequences

- Clients panicked, attempting to withdraw their money from banks – but there was no cash to give them.

- No new investments in the banks.

- Banks collapsed and fortunes were lost!