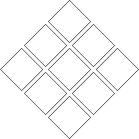
**The Causes of the Great Depression**

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| **Corruption: The Senate Committee was set up to investigate the Great Crash and found that there was a corruption and 'insider-trading' between the banks and the brokers.** | **Americans who could afford new luxury goods already had them by 1929. Workers were not paid enough to enjoy a consumerist lifestyle. Production began to be scaled back resulting in unemployment.** | **US agriculture was in a downward spiral in the 1920’s, there was overproduction, falling prices and hardship. 44% of Americans lived in rural areas in 1930.** |
| **Factories in the USA cannot sell all their products. Both the USA and Europe imposed large tariffs on each others exports, meaning surplus goods could not be sold abroad.** | **Brokers provided expensive loans to enable investors to buy shares, when the stock market crashed they could not pay back their loans** | **Panic: There were losses of confidence in March and September but the banks papered over the cracks by mass-buying of shares to help the market. On Thursday 24th October 1929, nearly 13 million shares were sold in a panic, and prices crashed. The banks tried to shore up the market again, but on Monday there were heavy selling; the banks realised it was hopeless and stopped buying shares. Speculators panicked at the thought of being stuck with huge loans and worthless shares. On Tuesday 29th October the market slumped again, when 16 million shares were sold.** |
| **Wall Street over-heated: Between 1924-29 the value of shares rose 5 times. Share prices rose way beyond what the firms they were shares were worth; only speculation kept up the over-inflated prices.** | **Banks were unregulated- they were unstable and gambled depositor's money on the stock exchange** | **Speculation: Many people became speculators - 600,000 by 1929. Many people were buying shares 'on the margin' (borrowing 90% of the share value to buy the shares, hoping to pay back the loan with the profit they made on the sale).** |

**Task:**

[](http://images.google.co.uk/imgres?imgurl=http://www.redbridgerenet.co.uk/agreedsyllabus/diamondblank.gif&imgrefurl=http://www.redbridgerenet.co.uk/agreedsyllabus/diamond9.html&usg=__TZOpzUVvkK7j2cZ2ooqQgDu8K_E=&h=697&w=698&sz=25&hl=en&start=2&itbs=1&tbnid=oIvjt4bCkiJW3M:&tbnh=139&tbnw=139&prev=/images?q=diamond+nine+template&hl=en&safe=active&gbv=2&tbs=isch:1)Use this template to show which you think was the most important cause of the Great Depression.

For example if you think “The Banks want their loans paid back” is the main cause of the Great Depression then that should go in the top diamond and 2nd and 3rd below that and so on.