

The Great Depression – Sec. 1

1. 3 Presidents of 20's kept hands off approach of government and economy. This led to an unregulated stock market. The stock market soared, and many, many people got rich on borrowed money.
2. But the wealth was not evenly dispersed. It was the rich who got richer. 71% of nation earned less than \$2,500 a year. 80% of all families had no savings, with almost the whole family having to work in many aspects.
3. People began buying on Credit. Radios, vacuums, refrigerators, all on credit. People were in debt. Called Installment Buying.
4. Speculation became common. Taking life savings and putting them in the stock market, hoping they would rise.
5. Overproductoin. Too many products and goods, but not enough people were buying them (made so many so quickly, have to sell for cheap, and will slow industries)
6. Farmers always had hard times. Crop prices were low = farmers can't pay off loans for machines = banks fail b/c no money coming in from loans.

Stock Market Crashes in 1929 – straw that broke the camels back.