

The Wall Street Crash : Reasons

The unequal distribution of wealth

During the 1920s wages did not rise
Increasing amounts of money to fewer and fewer people

Debt

The boom of the 1920s was based on credit
Usually by hire-purchase
Public was influenced by advertising to buy more things
Henry Ford : 'Every American home should have one' to try to persuade people to buy his cars

desperate measures...

then changed it to 'Every American home should have two'

Over-production

US industry was running out of customers
US industry could not sell abroad
Growing surplus of manufactured goods
Weather Americans could not go on spending forever
Countries put up heavy tariffs on imported goods
Large numbers of car workers lost jobs

A limit to the number of appliances (e.g cookers) needed in the home

Speculation in shares

The economic boom attracted many new investors
Speculators bought shares, hoping to make easy money
There were almost no controls on the buying and selling of shares
A number of bogus companies were set up.
Presidents Harding and Coolidge made no effort to intervene

Company shares were increasing, year after year
Some people borrowed money to buy shares
Hoping to attract new investors
No regulations introduced the buying and selling of shares.