## Events that Caused the Great Depression

The American public found the Three B's responsible for the crash and the depression: ***Bankers, Brokers, and Businessmen***.

**Here are some other reasons:**

1. **War Debts:** War debts form WWI needed to be paid. WWI Veterans demand their government war bonuses.
2. **Unequal Distribution of Wealth:** The rich got richer, the poor got poorer, but people’s wages stayed the same as prices for goods soared. The top 2% of Americans earned 28% of all income; 2-3% owned stocks.
3. **Brokers Encouraged: Buy Now, Pay:** Many people bought expensive items (cars, radios, and stocks) “on credit.” Buying stocks from a broker “on the margin” meant that the stocks were purchased “on credit” in the hopes that stock prices would go up. Brokers encouraged this practice.
4. **Decline of World Trade:** The market for U.S. good dropped, as Europeans consumers did not have enough money to purchase American goods. Concerned that U.S. goods were not selling well in Europe, lawmakers set high tariffs/taxes on imported goods.
5. **Supply and Demand in U.S.:** Over production in industry and factories dropped in the 1920’s. Americans bought fewer items such as cars and radios because they were worried buying on credit.
6. **Farmers, Coal & Textile Workers Suffered in the 1920’s:** The 1920’s were not a prosperous period for farmers, miners, and textile workers. Prices fell throughout the 1920’s and remained low. Some farmers lost so much money they lost their farms.
7. **Weakness in Banking System:** Banks had invested heavily in stocks so they suffered along with the small investors. Banks deposits were not insured (like FDIC today) and did not have money on hand when people came to withdraw their savings.
8. **Stock Market Crash:** The stock market reached a high point in September 1929, but on Oct. 23 the market dropped slightly. On Oct. 24 (“Black Thursday”) afraid the market would fall lower, thousands of investors sold their stocks off. Then on the Tuesday October 29, a day called, “Black Tuesday,” the market collapsed. At first, many people thought that the market would recover. Most newspapers features articles with quotes from “the experts” that led the public to believe the market would recover soon.