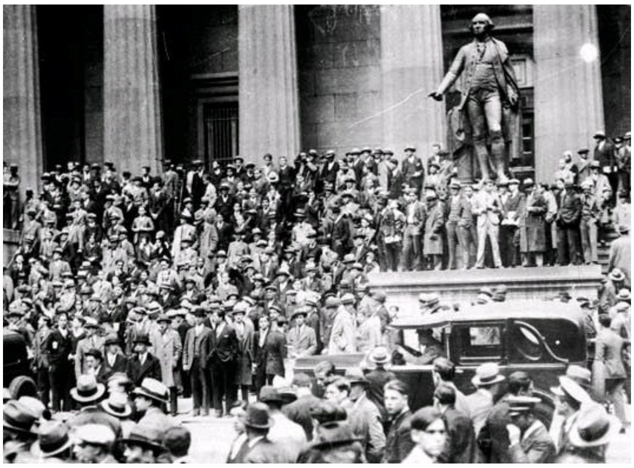
The Wall Street Crash

The strength of America's economy in the 1920's came to a sudden end in October 1929 - even if the signs of problems had existed before the Wall Street Crash. Suddenly the 'glamour' of the Jazz Age disappeared and America was faced with a major crisis that was to impact on countries as far away as Weimar Germany - a nation that had built up her economy on American loans.

There were several problems in American which lead to the crash on 29th October 1929. Mass production had overproduced goods which resulted in a fall in demand. The same was true in the farming industry. Businesses began to lose money. The eventual trigger came as a report was published predicting a crash. It suggested that people had borrowed too much in order to gamble on the Stock Exchange. Investors lost confidence in the market and all rushed to sell their shares, causing their values to plummet.

The very rich lost money on Wall Street but they could just about afford it. But the vast bulk could not afford any loss of money. This had a very important economic impact as these people could no longer afford to spend money and therefore did not buy consumer products. Therefore as there was no buying, shops went bust and factories had no reason to employ people who were making products that were not being sold. Therefore unemployment became a major issue. The depression took a while to get going but by the winter of 1932 it was at its worse.



Crowds gather just after the market closes at it's lowest value on 29th October 1929.

The impact of the Wall Street Crash in America:

1) 12 million people out of work
2) 12,000 people being made unemployed every day
3) 20,000 companies had gone bankrupt
4) 1616 banks had gone bankrupt
5) 1 farmer in 20 evicted
6) 23,000 people committed suicide in one year - the highest ever

The Weimar Republic was devastated by the Crash and the Great Depression that followed. The Crash had a devastating impact on the American economy but because America had propped up the Weimar Republic with huge loans in 1924 (the Dawes Plan) and in 1929 (the Young Plan), what happened to the American economy had to impact the Weimar Republic's economy. Infact, if anything, the Germans suffered the depression worse than any other country.

"A widow who used to do housework and laundry, but now had no work at all, fed herself and her fourteen year old son on garbage. Before she picked up the meat, she would always take off her glasses so that she couldn't see the maggots."

Description of a family ruined by the crash, Chicago 1933

Key Words

Weimar Republic– The name given to the government ruling Germany during the 1920's.

Share– A part of a company that is available to buy and sell.

The Dawes and Young Plans– These were loans from America to help Germany make its reparation payments.

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What were the long-term causes of the Wall Street Crash? Why?	
What short term causes (or trigger events) caused the crash? Why?	
What effect did the crash have in the United States?	
What effect did the crash have in Germany? What did this eventually lead to?	