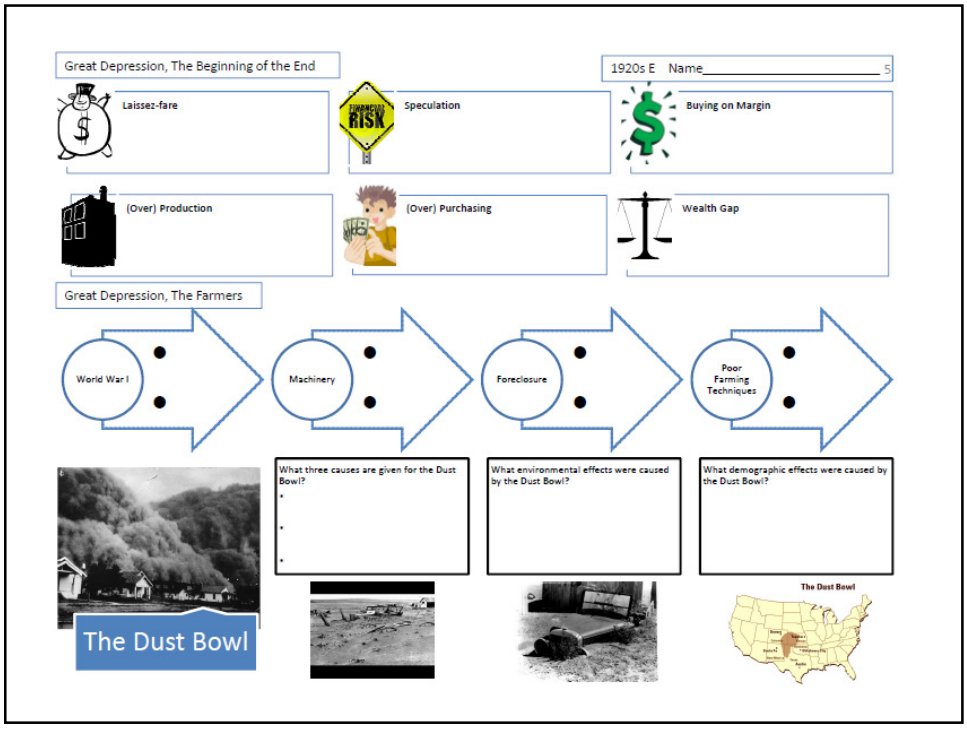

Great Depression, The Beginning

<A look at how each leads to the GD>

- **Laissez-Faire**
- Belief that government should stay out of the economy
- Presidents during the 1920s believed they should leave business alone
- Result is less regulation

- **Speculation**
- Stocks were doing EXTREMELY well during the 20s
- Speculation is making high risk investments in hopes of high returns on money
- This inflated stock prices and drove them unnaturally up

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- **Buying on Margin**
- Investors purchase stock for only a portion of the cost
- They borrow the rest from banks and pay interest on it
- **(Over) Production**
- Increased technology allowed businesses to produce more
- This flooded the market with goods
- **(Over) Purchasing**
- More production meant prices were lower
- The installment plan allowed people to go into debt to purchase goods
- **Wealth Gap**
- As business and stocks went up, money began to be more concentrated
- The debt accumulated for many who did not have wealth

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Great Depression, the Farmers

- **World War I**
- Ramped up production for the war
- Went into debt to buy land and equipment
- **Machinery**
- Farmers went into debt to purchase the new tractors and combines
- Increased acreage meant more to cover
- **Foreclosure**
- Many farms could not pay for the debt and new land
- Farmers across the US foreclosed on farms in the 20s
- **Poor Farming Techniques**
- Many in Midwest stripped lands
- Poor top soil conditions are left

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