

What will you be studying today?  
Predict the lesson!



Source A: A stockbroker trying to sell his car in late October 1929 following the events of the Wall Street Crash.

Gwaith Dosbarth

Dydd Mercher, Tachwedd 17

## What caused the Wall Street Crash of October 1929?

Aim:

- to discover why the economic boom ended through analysing the causes of the Wall Street Crash

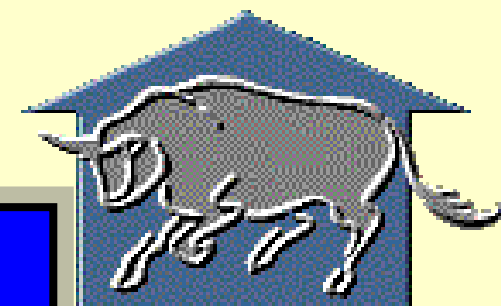
# The Wall Street Crash of 1929

- A stock market crash happens when prices of shares decline.
- If shares in a company go up, the company is doing well and can sell goods; if shares go down, the company is not doing as well.
- In **October 1929**, share values on Wall Street, where the USA stock exchange is based, collapsed dramatically over 10 days and resulted in a situation in what became known as **the Wall Street Crash of 1929**.
- It led to people losing all their money and it affected America for the next 10 years.

GDF ↓ .15 HJK 1.25 ↑ RTY 1.23 IOP .05 ↑ BNM 12.0 ↑ XCV .20 ↑ QEW ↓ .65



Why did the stock market collapse in October 1929?

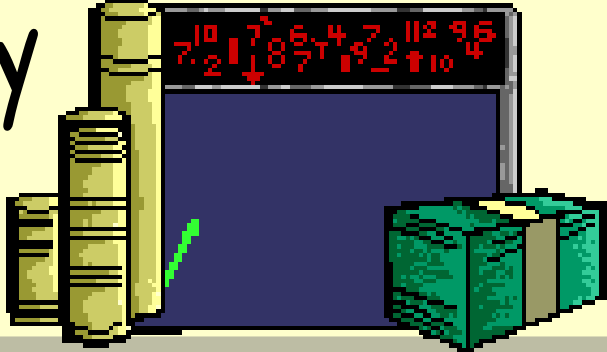


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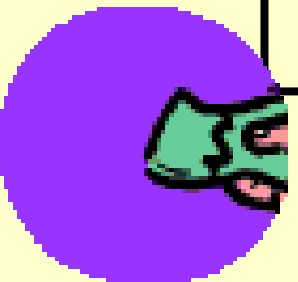


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# Numeracy

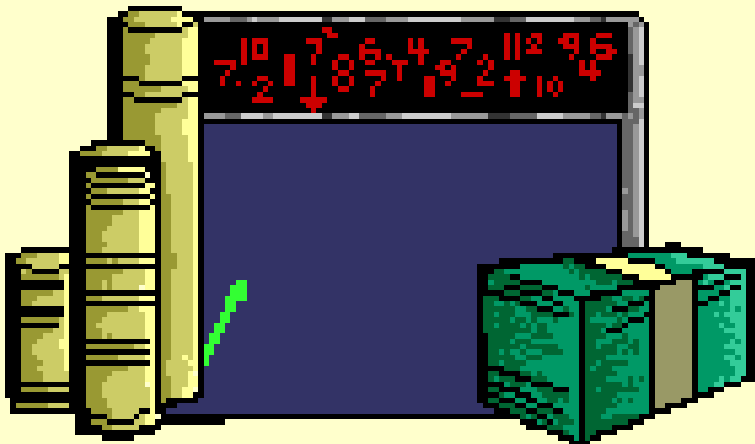


It is August 1929. All your friends have invested in the stock market and have made a huge profit! You now decide that you will use your life savings and some money that you have borrowed to buy two shares on the stock market. Choose two and see how much money you make!!!!



Go to stock market.

Record how much money you make on your worksheet!



# Welcome to the Stock Exchange!



August 1929

Name of Share	How much is it worth?	Buy or Sell?

September 1929



How much is it worth?	Sell?

October 1929



How much is it worth?	Sell?

January 1930

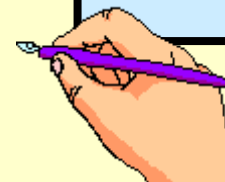


How much is it worth?	Sell?

Share	Cost of one Share
Amsterdam AEX	582.10
Aust All Ord	\$2905
DAX 30	\$5304
Dow US	\$10784
Dublin ISEQ	\$4689
E300 Eurobloc	\$1334.00
E300 Ex Euro	\$1243.60
E300 Ex UK	\$848.60
EFF	\$55.40
Ebloc 100	\$2001.90
Eurotop 300	\$306.80
Frankfurt Dax	\$5304
FTSE	\$6000
FTSE 350	\$2218.60

# August 1929

Choose two  
shares and  
record the name  
of the share and  
how much it is  
worth!



Click to see how  
your shares have  
done!

Share	Cost of 1 Share	 
Amsterdam AEX	572.10	Lose \$10
Aust All Ord	\$2915	Gain \$10
DAX 30	\$5304	No profit
Dow US	\$10804	Gain \$20
Dublin ISEQ	\$4669	Lose \$20
E300 Eurobloc	\$1364.00	Gain \$30
E300 Ex Euro	\$1263.60	Gain £20
E300 Ex UK	\$1348.60	Gain \$500
EFF	\$105.40	Gain \$50
Ebloc 100	\$1091.90	Lose \$10
Eurotop 300	\$1306.80	Gain \$1000
Frankfurt Dax	\$5304	No profit
FTSE	\$6040	Gain \$40
FTSE 350	\$2918.60	Gain \$700

# September 1929



How have your  
shares  
performed?

What are you  
going to do?



Click to see how  
your shares have  
done!



Share	Cost of 1 Share	 
Amsterdam AEX	\$472.10	Lose \$100
Aust All Ord	\$2715	Lose \$200
DAX 30	\$3404	Lose \$200
Dow US	\$9804	Lose \$1000
Dublin ISEQ	\$3669	Lose \$1000
E300 Eurobloc	\$1164.00	Lose \$200
E300 Ex Euro	\$1163.60	Lose \$100
E300 Ex UK	\$1148.60	Lose \$200
EFF	\$55.40	Lose \$50
Ebloc 100	\$991.90	Lose \$100
Eurotop 300	\$706.80	Lose \$600
Frankfurt Dax	\$3304	Lose \$2000
FTSE	\$4040	Lose \$2000
FTSE 350	\$1918.60	Lose \$1000

# October 1929

The stock market has just crashed. Panic selling occurs. What are you going to do!!



Click to find out how the stock market is doing

Share	Cost of 1Share	 
Amsterdam AEX	\$100	Lose \$372.10
Aust All Ord	\$0	Lose \$2715
DAX 30	\$50	Lose \$3354
Dow US	\$20	Lose \$9704
Dublin ISEQ	\$100	Lose \$3569
E300 Eurobloc	\$10	Lose \$1154
E300 Ex Euro	\$0	Lose \$1163.60
E300 Ex UK	\$40	Lose \$1108.60
EFF	\$0	Lose \$55.50
Ebloc 100	\$100	Lose \$991.90
Eurotop 300	\$0	Lose \$706.80
Frankfurt Dax	\$50	Lose \$3254
FTSE	\$10	Lose \$4030
FTSE 350	\$10	Lose \$1908.60

# January 1930

It is January 1930. The stock market has collapsed!

How are your shares doing?

What are you going to do?



Go to definition of speculation.

You have just experienced a cause of the Wall Street Crash - what was it?



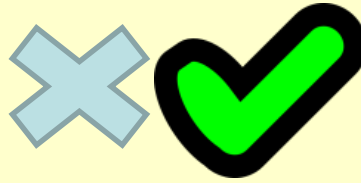
**Speculation** is a form of gambling. Speculators do not keep their shares for long. They borrow money to buy their shares and sell them quickly when the price has risen.

As the stock market in the 1920s was so strong many people believed that they could 'get rich quick'.



[Go to menu page.](#)

# Task



- Read your cards in pairs
- Each card shows a reason for the Wall Street Crash
- After reading, rank the causes with your partner to show which was the most important cause
- Stick your cards in your book putting the most important cause at the top

## Boom in land and property values

Because people had more money land and property prices rose. Many people borrowed money to buy some. The idea was that they would buy, wait for the property's price to rise and then sell. However in 1926 property prices suddenly began to fall and many people found themselves owning property which was worth less than what they paid for it.

## Over production

Factories had produced too many goods than people could afford to buy. Sales fell so bosses had to cut prices and wages. When this didn't work bosses had to sack workers which led to more people having less money to buy goods.

## Loss of confidence

In 1929 some experts began to sell their shares before their value fell. People saw this and panicked. Many people rushed to sell their own shares this led to a complete collapse of prices.

## Availability of easy credit

People were buying goods even though they didn't have the money to pay for them immediately. They paid on a monthly basis on **hire purchase**. Some had credit to buy shares. This worked well if prices of shares were high but when prices started to fall in 1929 they weren't making as much money.

## Falling demand for goods

- Not all families became wealthy. 50% had the minimum needed to survive. Many families could not afford to buy the goods being produced. Overproduction of goods became a problem.
- The USA couldn't sell its goods to other countries in Europe. Many countries put tax on goods from America so people didn't want to buy them.
- The USA had lent money to other countries during WWI. These countries were struggling to pay the money back.

## Over-speculation on the stock market

With the prices of stocks continually rising people became greedy and invested lots of money in the Stock Market. By 1929 there were 20 million people involved in the stock market in the USA.





# Task: Prioritising

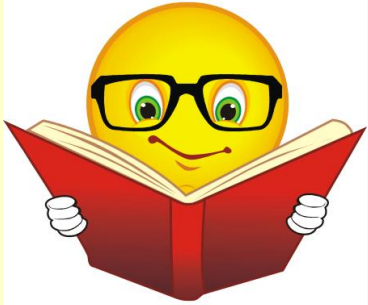


Was the panic selling of shares the most significant cause of the Wall Street Crash?

Remember your answer should be balanced!



Study Sources B and C. Which of the sources is more useful to an historian studying the problems in the stock market in the late 1920s?



Read page 137 of your textbook and complete the question above.

### ADVICE BOX

- ✓ Provide an initial judgement supported by own factual knowledge
- ✓ Evaluate the usefulness of Source B (CAP)
- ✓ Judge how useful it is for its accuracy of CAP
- ✓ Repeat for Source C
- ✓ Provide an overall reasoned judgement on which source is most useful