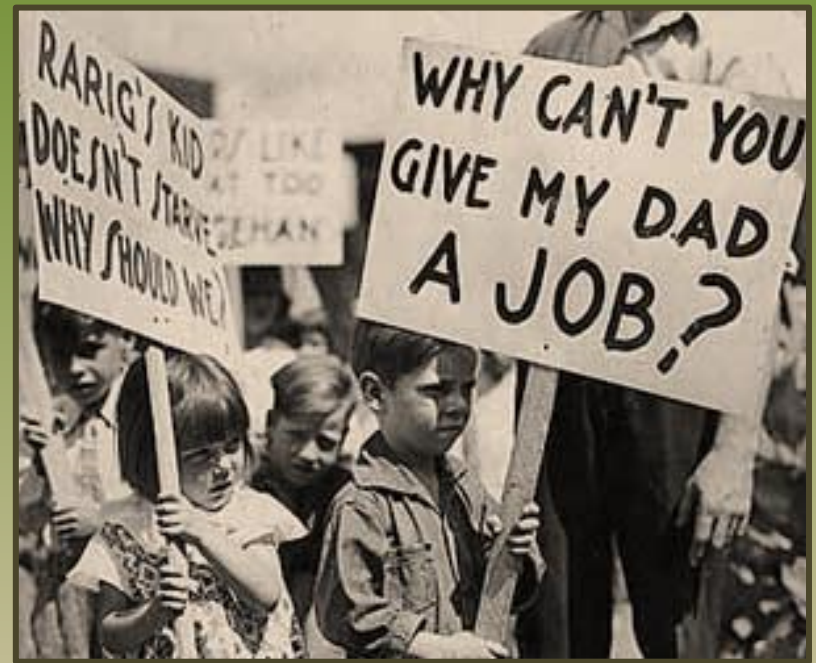


The Dirty Thirties

Causes of the Great Depression







Cause 1: OVER PRODUCTION

- We produced too many products because...
 - Stock prices were high and
 - Assembly line production made it easy
- Unsold, extra things were warehoused and factories shut down until extra things were sold.

Lesson:

You should only produce as much as you can sell.
(supply & demand)







Cause 2: RESOURCE-BASED ECONOMY

- Canada depended on too few resources.
- Canada mostly exported (sold) natural resources (wheat, fish, pulp & paper).
- Canada experienced severe drought in the 1930s and the west became a **dustbowl**.
- Countries were no longer buying Canada's resources.

Lesson:

Selling many different kinds of products is best.
(diversify)



Cause 3: DEPENDENCE ON U.S.A.

- Pre WWI Canada's largest trading partner was Britain; post WWI Canada depended too much on the USA as a trading partner.
- When the depression hit the USA, we knew it was going to hit Canada too.

Lesson:

“When the U.S. sneezed, the rest of the world got pneumonia.”



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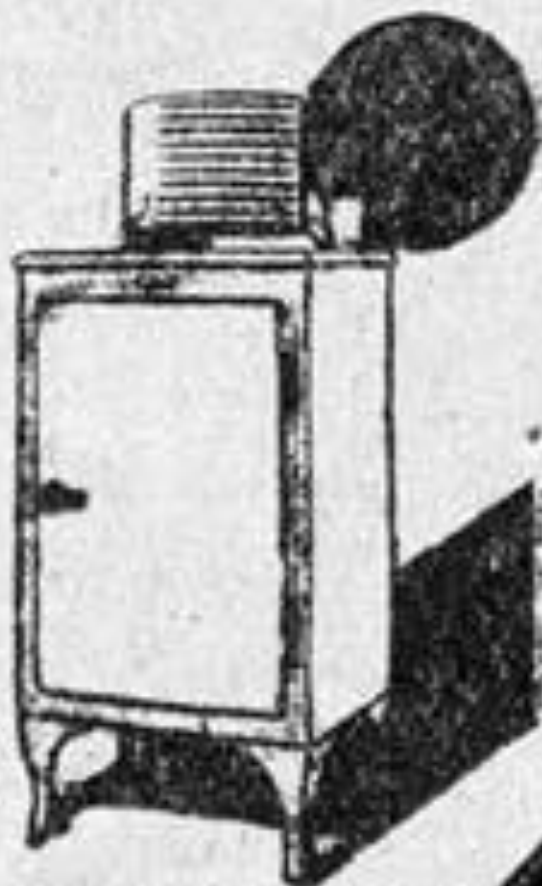
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Cause 4: BUYING ON CREDIT

- 1920s motto: “**buy now, pay later**”
- Buying items on credit was a NEW concept.
- Most people didn't own anything they had!
- Canadians fell helplessly into debt.
- Creditors would repossess goods and even houses, leaving some with nothing.

Lesson:

Don't spend more than you make.

The Milwaukee Leader HOME EDITION
 "Controlled by the Nation and Unchecked by Cens."
 PUBLISHED BY THE LEADER PUBLISHING CO. PRICE THREE CENTS
 MONDAY EVENING, OCTOBER 26, 1929
 Vol. 48—No. 475

BILLIONS LOST IN NEW STOCK CRASH

PRINCIPALS IN COAST CASE

THINK PLANT FIRE DAMAGE IS \$75,000

May Punish Senator for Aiding Tariff Lobbyists

BINGHAM SAYS IT'S FRAME-UP, IS CRITICISED

BANKERS' AID FAILS TO END SELLING WAVE

PHANTOM IS NEWSY CALL

PHOTO: Judge of Appeal Panel in Fire




BLACK TUESDAY

NEW YORK, WEDNESDAY, OCTOBER 29, 1929

THE STOCK MARKET CRASH OF 1929

BY HARRISON WELLS AND FREDERICK



THE STOCK MARKET CRASH OF 1929—The other day, the day after the crash, the stock market was selling in a frenzied and uncontrolled way. It is now and has been for some time. The market is now in a state of panic. The market is now in a state of panic. The market is now in a state of panic.

CITY EDITION **London Herald** LATE PRICES
 No. 3627 FRIDAY 25th OCTOBER 1929 34

WALL STREET CRASH!

Black Thursday in America

Stocks Plunge and Eleven Commit Suicide



What Went Wrong?

OTHER NEWS

OLEUMS' "WAGGANS"

CITY EDITION **London Herald** LATE PRICES
 No. 3627 FRIDAY 25th OCTOBER 1929 34

WALL STREET CRASH!

Black Thursday in America

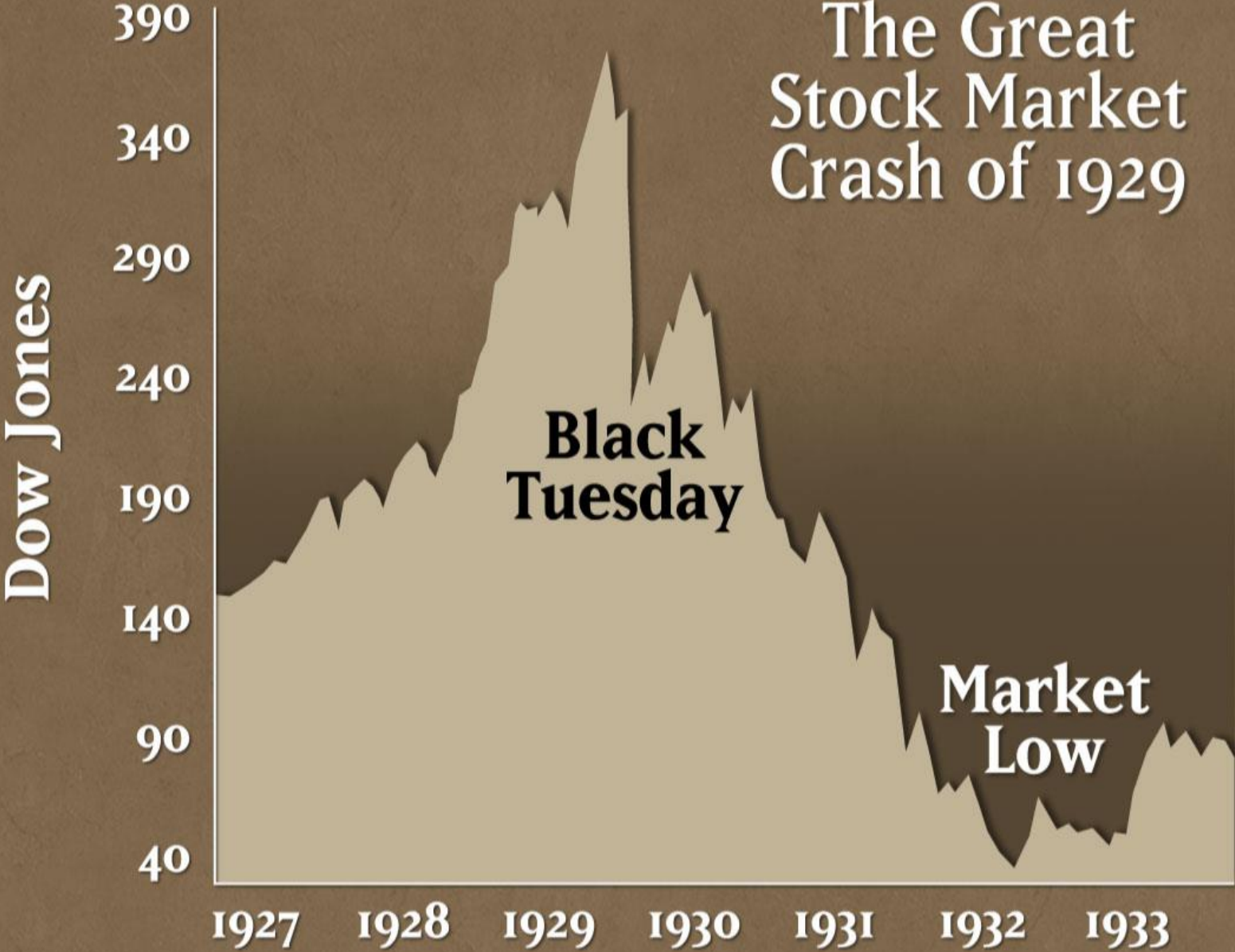
Stocks Plunge and Eleven Commit Suicide





Panicked New Yorkers crowd the streets!

The Great Stock Market Crash of 1929



The Spark: STOCK MARKET CRASH

- **October 29, 1929** is known as **BLACK TUESDAY**
- Too many people “**buying on margin**” (getting loans to buy shares)
- When stock prices went down, people couldn't pay back their loans
- This caused people to **SELL** shares
- Selling causes more selling, and more, and **PANIC!**

The Spark: STOCK MARKET CRASH

- When stock prices fell, thousands of people lost their life savings meaning...
- People became fearful about the future and stopped spending money, meaning...
- Companies went out of business meaning...
- Workers had no jobs meaning...
- Unemployed people have no money to spend...

MULTIPLIER EFFECT

Average Stock Prices

1920	\$66
1921	\$50
1922	\$66
1923	\$66
1924	\$70
1925	\$90
1926	\$110
1927	\$135
1928	\$165
1929	\$188
1930	\$95
1931	\$53
1932	\$47
1933	\$35

(US dollars)

Cdn Unemployment Rate

1920	5.8%
1921	5.3%
1922	5.0%
1923	3.4%
1924	4.6%
1925	4.6%
1926	4.6%
1927	2.9%
1928	1.9%
1929	4.0%
1930	8.0%
1931	13.0%
1932	18.0%
1933	19.6%
2011	7.1%



Stock Market: TYPES



Bear Market:

Decline in the stock market over time.

Bull Market:

Period of optimism and recovery in the stock market.

