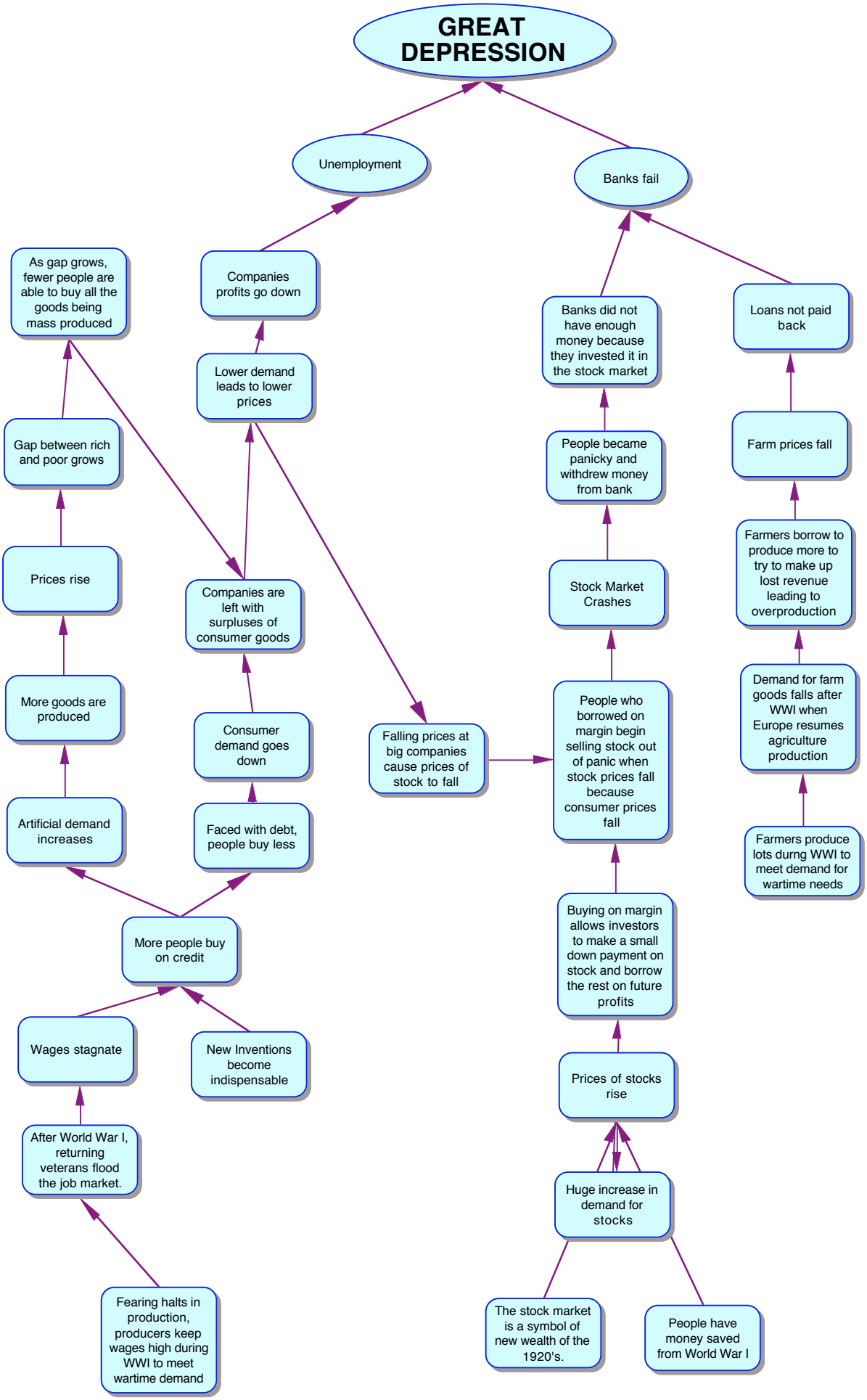
GREAT DEPRESSION
Unemployment
Banks fail
As gap grows, fewer people are able to buy all the goods being mass produced
Companies profits go down
Banks did not have enough money because they invested it in the stock market
Loans not paid back
Lower demand leads to lower prices
Gap between rich and poor grows
People became panicky and withdrew money from bank
Farm prices fall
Prices rise
Companies are left with surpluses of consumer goods
Stock Market Crashes
Farmers borrow to produce more to try to make up lost revenue leading to overproduction
More goods are produced
Consumer demand goes down
Falling prices at big companies cause prices of stock to fall
People who borrowed on margin begin selling stock out of panic when stock prices fall because consumer prices fall
Demand for farm goods falls after WWI when Europe resumes agriculture production
Artificial demand increases
Faced with debt, people buy less
Farmers produce lots durng WWI to meet demand for wartime needs
More people buy on credit
Buying on margin allows investors to make a small down payment on stock and borrow the rest on future profits
Wages stagnate
New Inventions become indispensable
Prices of stocks rise
After World War I, returning veterans flood the job market.
Huge increase in demand for stocks
Fearing halts in production, producers keep wages high during WWI to meet wartime demand
The stock market is a symbol of new wealth of the 1920's.
People have money saved from World War I