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Modern History review

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Revision

The Wall Street Crash of 1929: making an analytical timeline

Roz Hart

Explaining the causes of the Wall Street Crash and the sequence of events involved can be difficult. To answer an essay question on this topic you will need to know the chronology of the crash well, and then you will need to be able to explain how one event led directly to another.

Exercise 1

Put these events in chronological order:

- Dow Jones increase by 400%
- 'Black Tuesday'
- Federal Reserve increases interest rates
- Rejoining of the gold standard system
- Expansion of credit in USA
- Creation of Federal Reserve system
- Increased mortgage debt
- First World War
- 'Call money' causes prices to rise
- USA raises interest rates
- Federal Reserve stops flow of credit
- US economy slows while stock prices remain
- 'Black Monday'
- Fall of company profits and stock valuations
- Increased investment in stocks from public
- Dawes Plan
- Economic crisis begins in earnest
- Prices fall by 8%
- Declining economic output and high unemployment
- Consumer demand decreases
- Britain leaves the gold standard system
- Banking crisis due to loan defaults
- Investors withdraw gold from US banks
- Real estate boom
- Cost of borrowing increases
- 'Bank runs'

(Answers can be found at the end of this resource.)

Exercise 2

Use your timeline to write a summary explaining how the Wall Street Crash happened.

Exercise 3

Explain the importance of each of these factors in causing the Wall Street Crash:

- Overproduction of manufactured goods
- Mechanisation and overproduction in the farming industry
- Public speculation on the stock market
- US ties to European economies
- Readily available credit and buying ‘on the margin’
- Crisis of confidence from the businessmen stock owners
- Lack of federal regulations

Exercise 1 answers

1 First World War

2 Creation of Federal Reserve system

3 Dawes Plan

4 Rejoining of the gold standard system

5 Expansion of credit in USA

6 Increased mortgage debt

7 Real estate boom

8 Dow Jones increase by 400%

9 Increased investment in stocks from public

10 ‘Call money’ causes prices to rise

11 Federal Reserve stops flow of credit

12 Federal Reserve increases interest rates

13 US economy slows while stock prices remain

14 ‘Black Monday’

15 ‘Black Tuesday’

16 Economic crisis begins in earnest

17 Fall of company profits and stock valuations

18 Banking crisis due to loan defaults

19 ‘Bank runs’

20 Prices fall by 8%

21 Britain leaves the gold standard system

22 USA raises interest rates

23 Investors withdraw gold from US banks

24 Cost of borrowing increases

25 Consumer demand decreases

26 Declining economic output and high unemployment