The booming 1920s economy was fueled by people purchasing consumer products they couldn’t get during the war.

Reparation payments become a foundation for Western European economies

Europe relies heavily on Dawes Plan - US Loans

After a Total War countries are in debt and their currencies are weak.

Many consumer purchase are done with credit

After the war farmers see a steep declaim in demand.

US Stock prices are inflated (many bought with credit)

People start to dump stocks in US Stock market leading to the US stock market crash of 1929

As demand falls, companies lay off workers and demand falls even more, so even more workers are unemployed

Depression spreads across Europe and US

US calls back loans – hurting European economy

Countries set up high tariffs and cut spending

Germany

US and Western Europe

Italy

**The World Wide Great Depression: Its Causes and Effects**