Reasons of the Great Depression

Stock market crash:
commercial bankers could loan more money for stock market than for commercial markets.
40 % of all the money in america was meant to buy stocks.
You only need 10 % of the whole payment.They thought that the stocks where only going up, so you could pay just 10% And when the stock was worth more, you can pay the restraining amount back. 90% of the stocks were bought with borrowed money. So if you buy stocks, you only have to pay 10%, and even that you can loan with the bank. So sometimes almost 99% was a loan. So the lending of money is the big problem. Everyone was living on lend money.

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overproducing
Simply stated, over production means that a company produces more product than the public will buy. During the 1920s, industry was producing on a large scale and consumers were using things like "buying on time" (credit cards in today's economy) to buy things they could not really afford. This gave a false sense of economic stability but when the Depression hit, the consumer could no longer buy all the products (inventory) that were being produced. So there was an overproduction.

Protectionism
And therefore the government decided to protect the companies who overproduced.
Protectionism is a great idea if you are a politician and you want votes now. Protectionism means that an industry is being paid by the government to keep making a profit on goods that are being made at too high a price. In other words the business can't compete. So rather then forcing the business to close down, naturally importers are charged for importing goods, this pushes up the price of the goods. The extra money that is taken in by the government is then given to the inefficient local manufacturer so that he can make a product at a loss and still make money.
It also authorized the president to adjust tariffs by 50% to balance foreign and domestic production costs, a move to help America's farmers.
It was Hoover's desire to have the RFC lend money to banks, railroads, and other key economic institutions to make sure these institutions would remain in business. The idea was to help these businesses that had a shortage of capital.

The Howley Smooth act
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The intent of the Hawley-Smoot Tariff was to raise the import tax so severely that people would only be able to afford American made goods and products. The economists argued that the tariff increases would raise the cost of living, limit our exports as other countries retaliated, injure U.S.

Treaty of Versailles:
France and Britian let Germany pay 33 billion dollar of marks in reparations, but they didn't had that kind of money. So they would just print that money, making it up. So it wasn't really worth anything. Germany couldn't pay this, so they printed more money, causing major inflation. This contributed to the stock market crash.

Because of the reparations that Germany had to pay France, Germany began a credit-fueled period of growth in order to export and sell enough goods abroad to gain gold to pay the reparations. The U.S., as the world's gold sink, loaned money to Germany to industrialize, which was then the basis for Germany paying back France, and France paying back loans to the U.K.

and the U.S. This arrangement was codified in the Dawes Plan. So the U.S was paid back with the money they first loaned them.

gold standard

The Depression was largely caused by the decision of most western nations after World War I to return to the gold standard at the pre-war gold price. Monetary policy, according to this view, was thereby put into a deflationary setting that would over the next decade slowly grind away at the health of many European economies.

This post-war policy was preceded by an inflationary policy during World War I, when many European nations abandoned the gold standard, force by the enormous costs of the war.
This resulted in inflation because the supply of new money that was created was spent on war, not on investments in productivity to increase demand that would have neutralized inflation. The view is that the quantity of new money introduced largely determines the inflation rate, and therefore, the cure to inflation is to reduce the amount of new currency created for purposes that are destructive or wasteful, and do not lead to economic growth.

FED

The FED didn't spend enough money, they should have just pumped money in the economy. Usually bigger banks would lend money to the smaller banks, when there was a downturn. But now the FED thought that weeding out "weak" banks was a harsh but necessary prerequisite to the recovery of the banking system. Because of that , the banking panics of the Great Contraction were much more severe and widespread than would have normally occurred during a downturn. …

Bank Run:

Once the stock market crashed, fearful that banks would fail, millions of Americans began to withdraw their money. But the banks didn't have enough money off course. So they just closed the banks for three day's, the 'the bank holiday'.
Because of the overproduction, failure of banks, all the lend money (there was no real, own money) the whole economy was going on lend money, a lot of people got fired. There wasn't any institution to help them. The government didn't do anything, so they couldn't spend anything, so the demand went even further down.

Solution

Roosevelt's solution was presenting The social security act, subsidy, to help the people when they had no job. So they could consume again, therefore the demand would go up.
In the bank holiday Roosevelt presented the Congress the 'Emergency Banking Act. The law empowered the President through the new Congress to reopen banks that were solvent and assist those that were not. Roosevelt restored the confidence of people in the banking system. By the beginning of April, Americans confidently returned a billion dollars to the banking system. The bank crisis was over. In june,1933 Roosevelt signed the Glass-Steagall Banking Reform Act. This law created the Federal Deposit Insurance Corporation. Now banks were given the security of knowing that if the bank would collapse, they would get there money back upon $2500. That number was secured. He also introduced the Labor Relation act, it was to protect the rights of employees and employers, to encourage collective bargaining.