



The federal government did little to help the sinking market in 1929. Almost everyone lost money. At the end of five days, approximately \$25 billion of personal wealth had evaporated.

To some, suicide seemed the only way out. People who'd worked thirty or forty years, to amass a fortune, lost everything. Even people who never invested in the market were also impacted.

Confidence in the economy at large deteriorated, and people began to think their money was no longer safe in their local banks. Another panic began as people rushed to remove dollars from their deposit accounts.

If the banks had made bad choices, in their own investments, nothing was in place to protect individual depositors. Federal-deposit insurance was unheard-of at the time.

When banks were out of money, bank depositors were out of money. A massive "run on banks" caused more than 2,000 institutions to fail in 1931.



Many banks - like this one in Haverhill, Iowa - did not have enough reserves to stay in business. Soon it, and others like it, became a place of billboards instead of a place of business.



The American financial system was not just unstable. It seemed worthless.

The stock market crash did not create the Great Depression, but it set the whole process in motion. All kinds of businesses - even solid ones - could no longer get loans. This lack of credit caused businesses to lay-off workers or to close. Bankruptcies followed, causing even more people to lose their jobs.

The damage to Americans, as a whole, was unbelievable. The events of the crash, and the resulting great depression, are second only to the civil war in terms of national trauma.

Lines of unemployed men were everywhere. People who couldn't pay rent were evicted. Families who couldn't pay mortgages were foreclosed. Huts, made of cardboard boxes, were turned into dwellings.

It was a terrible time.

See, also:

[Stock Market Crash of 1929 - Part 1](#)

[Stock Market Crash of 1929 - Part 2](#)

[Stock Market Crash of 1929 - Part 3](#)

[Stock Market Crash of 1929 - Part 4](#)

[Stock Market Crash of 1929 - Part 6](#)

Credits:

Image of a "run on the bank," National Archives Photo, NLR-PHOCO-A-7420(1007).

Image of Haverhill, Iowa failed bank online courtesy Library of Congress, image *LC-USF34- 028362-D*.

use for educational purposes and to acquaint new viewers with the program.

BBC provides the following background about this documentary which explores causes of the 1929 Wall Street Crash:

Over six terrifying, desperate days in October 1929, shares crashed by a third on the New York Stock Exchange. More than \$25 billion in individual wealth was lost. Later, three thousand banks failed, taking people's savings with them. Surviving eyewitnesses describe the biggest financial catastrophe in history.

In 1919, the US had emerged victorious and dominant from World War One. Britain and its European allies were exhausted financially from the war. In contrast, the US economy was thriving and the world danced to the American tune.

Easy credit and mass production set the tone in the roaring twenties for an era of consumption like none that had ever been seen before. The stock market rose and investors piled in, borrowing money to cash in on the bubble. In 1928, the market went up by 50 per cent in just 12 months. The crash was followed by a devastating worldwide depression that lasted until the Second World War. Shares did not regain their pre-crash values until 1954.

This is the story of a financial disaster that we hoped could never happen again.

1929: The Great Crash

Blakeway Productions (2009)

Initial Broadcast, BBC 2

Director

Joanna Bartholomew

Producers

Joanna Batholomew

Denys Blakeway

Narrator

Bill Paterson

Readings

John Sessions

See Alignments to State and Common Core standards for this story online at:

<http://www.awesomestories.com/asset/AcademicAlignment/Stock-Market-Crash-of-1929-Loans-Denied>

See Learning Tasks for this story online at:

<http://www.awesomestories.com/asset/AcademicActivities/Stock-Market-Crash-of-1929-Loans-Denied>