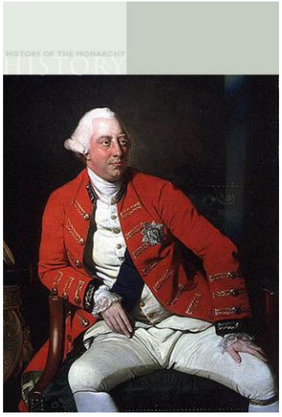
Stock Market Crash of 1929 - Black Thursday



The close relationship between Wall Street executives, and federal government officials, allowed "the market" to be a law unto itself.

"The street" was like a large gambling casino "which was rigged by professional speculators. As smaller investors gambled with their life savings, they failed to realize that the decks were stacked against them."

In March of 1929, a new president - Herbert Hoover - was elected. He did "nothing to reign-in this wild speculative fervor." Even so, he was personally worried that the "bubble" might burst.

Paul Warburg - in March of 1929 - worried that a collapse of the market could lead to a serious national problem. He even used the word "depression" which could sweep across the whole country.

Most people thought he was off-the-mark. Some folks even "shouted him down."

No one wanted to hear bad news when everything was going so well.

When people - like Groucho Marx - questioned how prices could just keep going higher, they were told that America was now part of "a global market."

Some speculators - like Joseph Kennedy (the future President's father) - thought it was probably time to get out "when the local shoe-shine boy knows as much about the stock market" as he did.

Then ... after life had continued on its merry way for five years ... reality set in.

No one knows what triggered the sudden loss of confidence which first surfaced near the end of trading on the 23rd of October, 1929. A sharp fall in automobile stocks led to a frantic last hour.

The next day - Thursday, October 24th - was the beginning of the crash. That day is now remembered as "Black Thursday."

As the market plummeted, stunned people tried to figure out what was going on. Some individuals were getting totally wiped out, and police were sent-in to maintain order if things got out of hand.

Winston Churchill, who had also invested in the New York stock exchange, happened to be in New York at the time. He was surprised things were as calm as they were.

But ... things wouldn't stay calm for long.

See, also:

Stock Market Crash of 1929 - Part 1

Stock Market Crash of 1929 - Part 2

Stock Market Crash of 1929 - Part 4

Stock Market Crash of 1929 - Part 5

Stock Market Crash of 1929 - Part 6

Credits:

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

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http://www.awesomestories.com/asset/AcademicAlignment/Stock-Market-Crash-of-1929-Black-Thursday-0

See Learning Tasks for this story online at:
http://www.awesomestories.com/asset/AcademicActivities/Stock-Market-Crash-of-1929-Black-Thursday-0