

THE WALL STREET CRASH

the 30-second history

3-SECOND THRASH
In autumn 1929, America's 'Roaring Twenties' came to an end as a stock market crash dragged the US into a global depression.

3-MINUTE THOUGHT
On Black Thursday, the banks decided to pour money into the market in an attempt to save it. Their chosen representative, Richard Whitney, placed a huge bid on US Steel and several smaller bids on reliable stocks, a tactic that had worked in an earlier financial crash, in 1907. It slowed the decline ... until Monday. Financial giants like the Rockefellers purchased huge amounts of stocks in an attempt to sway the public, but the panic and pandemonium proved unstoppable.

The Twenties. War was over, the economy booming. But it would not – could not – last. The first signs of trouble came in spring 1929. Several big industries saw production and sales slow; unemployment rates were already increasing. Meanwhile, the American public was eager to speculate, taking out bank loans to play the stock market. The Dow Jones Industrial Average reached its peak on 3 September. The market wavered until 24 October – Black Thursday – then began to fall, creating panic. Bankers attempted to stabilize the market, and President Hoover tried to reassure Americans. On Friday, it looked like things might improve, but on Monday, more trouble. By Tuesday, 29 October, the market crashed. The United States and the world fell into depression, shaking public faith in capitalism. President Hoover believed in rugged individualism – the idea that people should succeed on their own with little interference from the government; ergo, he was slow to interfere. Eventually, he imposed higher taxes on imports to protect US farmers and businesses. He also lowered taxes. He instigated the building of the Colorado Dam to provide jobs and provided billions of dollars of aid. But still nothing jump-started the economy – until Franklin D. Roosevelt took office with promises of a New Deal.

RELATED TOPICS

See also

'PILE IT HIGH, SELL IT LOW'
page 104

JOHN MAYNARD KEYNES
page 106

FIVE YEAR PLANS
page 100

THE NEW DEAL
page 108

3-SECOND BIOGRAPHIES

HERBERT HOOVER
1874–1964
American engineer and humanitarian; 31st president of the United States (1929–33)

RICHARD WHITNEY
1888–1974
American financier; President of the New York Stock Exchange (1930–5)

30-SECOND TEXT

Kristin Hornsby

The Great Depression struck – investments collapsed, jobs disappeared and a hungry people despaired.