THE TWENTIES IN CONTEMPORARY COMMENTARY

The Stock Market Crash of October 29, 1929

In the final years of the "roaring twenties," as many starstruck first-time investors fueled the unparalleled growth of the stock market, how did financial leaders view the health of an economy so dependent on dreams and credit? Had the frenzied investment fad grown into a "mob movement" courting disaster? Were the "small speculators" who risked their savings for quick profits no better than weekend gamblers? Nonsense, said the *Wall Street Journal* and others. Such fear-mongering is "sour grapes," they insisted, spurred by "propagandists of gloom and economic terror." Prices would continue to rise; the market would continue to deliver profits for middle class investors. The onslaught of prediction and punditry continued for months before—and after—the calamitous day soon immortalized as "the crash." Presented here is a sampling of the commentary before and after "Black Tuesday," illustrating that "the crash," while a shock, was no surprise.

17 MONTHS BEFORE THE CRASH
"Gambling and Speculation"
The Wall Street Journal, May 15, 1928

It is to be feared that the agitation [criticism] against speculation in Wall Street is very largely a case of sour grapes. It is felt that some people are making money with apparent ease and it is known that they are making it in Wall Street, which is always an object of distrust to the demagogue.[1] The radical politician feels that he must show injury to others somehow. Without the slightest knowledge of the stock market and its almost automatic safeguards, he says that the speculation is a danger to the country.

15 MONTHS BEFORE THE CRASH
Alan H. Temple (economist), "Impending Suicide"
The North American Review, July 1928

The machinery through which the excited speculation in stocks is operating has commenced to creak and groan as strains are put upon it which it was never designed to meet. . . The fuel of desire to make money by selling something at a higher price than was paid for it is still being poured into the market, and this desire, as Colonel Ayres of Cleveland[2] says, cannot be killed; it must commit suicide.

Therefore the observer of things financial, as May [1928] draws to a close, must share some of the feelings of a watcher at the bedside. He is overlooking a mob movement leading toward a stock market break, the effects of which only the most acrobatic, the most favored, and those who have participated least in proportion to their resources,[3] can expect to escape.

1 Demagogue:, a politician who takes advantage of people's fears and resentments, usually against power and wealth, to gain supporters.
2 Leonard Ayers: an economist, statistician, and editor of *Business Bulletin*, published by Cleveland Trust Company, a prominent bank.
3 I.e., the wealthy, who have invested a lower percentage of their total financial worth.

10 MONTHS BEFORE THE CRASH

H. W. Moorhouse (economist)
"What's Happening in Wall Street?"
The North American Review, December 1928

Millionaires have been made many times over with the unprecedented rise of certain individual stocks. Of a list of twenty well-known stocks which have increased from 600 to 6,000 percent during the last ten years, twelve famous names appear above the 1,000 percent mark, with one outstanding motor stock heading the list with a 6,493 percent increase. No wonder our nation has gone stock market mad.

- The different between a hitchhiker and an amateur stock market player is that the latter will always find it easier to be "taken for a ride."
- An outsider trying to beat the market is like a meatball trying to live in companionate marriage with a shark.[4]
- The only tips that are dependable are found on asparagus.

"The Wall Street Lamb," *American Magazine*, reprinted in the *Milwaukee Journal*, March 12, 1929

2 MONTHS BEFORE THE CRASH

Samuel Crowther, "Everybody Ought to Be Rich: An Interview with John J. Raskob," *Ladies' Home Journal*, August 1929[5]

The common stocks of this country have in the past ten years increased enormously in value because the business of the country has increased. Ten thousand dollars invested ten years ago in the common stock of General Motors would now be worth more than a million and a half dollars. And General Motors is only one of many first-class industrial corporations.

It may be said that this is a phenomenal increase and that conditions are going to be different in the next ten tears. That prophecy may be true, but it is not founded on experience. In my opinion the wealth of the country is bound to increase at a very rapid rate.

55 DAYS BEFORE THE CRASH

Roger Babson (businessman and investment analyst)
Address to the Natl. Business Conference, Sept. 5, 1929
(excerpts as reported in *The New York Times*, Sept. 6, 1929)

I repeat what I said at this time last year and the year before, that sooner or later a crash is coming which will take in the leading stocks and cause a decline of from 60 to 80 points in the Dow-Jones Barometer.

Fair weather cannot always continue. The economic cycle is in progress today as it was in the past. The Federal Reserve System[6] has put the banks in a strong position, but it has not changed human nature. More people are borrowing and speculating today than ever in our history. Sooner or later a crash is coming and it may be terrific. Wise are those investors who now get out of debt and reef their sails.[7] This does not mean selling all you have, but it does mean paying up your loans and avoiding margin speculation. . . .

Sooner or later the stock market boom will collapse like the Florida boom.[8] Some day the time is coming when the market will begin to slide off, sellers will exceed buyers, and paper profits[9] will being to disappear. Then there will immediately be a stampede to save what paper profits then exist.

53 DAYS BEFORE THE CRASH

"Babson's Stock Crash Prophecy Draws Fire from Other Experts," *Chicago Tribune*, Sept. 7, 1929

Roger Babson's dire predictions of an "inevitable crash" in the stock market, which would some time break the averages 60 to 80 points, evoked retorts today from economists, stock exchange houses, and others, most of whom took an opposite view or advised clients and the public not to be stampeded by Mr. Babson's forecast of a collapse that would rival that of the Florida land boom.

Mr. Babson's view was directly controverted by Prof. Irving Fisher of Yale University, an economist of highest standing. Prof. Fisher flatly asserted that "stock prices are not high and Wall Street will not experience anything in the nature of a crash."

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[4] Companionate marriage: at the time, a proposed form of marriage in which partners are economically equal (one is not financially responsible for the other, and no economic claims are made upon divorce) and in which childless couples could divorce by mutual consent (without appeal or decree by the state).
[5] In 1929, John J. Raskob was vice-president for finance of DuPont and, until 1928, had held the same position with General Motors.
[6] The Federal Reserve System was established in 1913 as a national bank to provide a more stable monetary system.
[7] Sails are "reefed"— reducing the surface area exposed to the wind—to stabilize a sailboat in high winds.
[8] Florida boom: the Florida real estate "bubble" that burst in 1925, leaving many investors with property worth far less than its purchase price.
[9] Paper profits: profits one would gain by selling stocks, bonds, property, etc., that had gained value since purchase.

16 DAYS BEFORE THE CRASH

"Stock Prices Will Stay at High Level for Years to Come, Says Ohio Economist," *The New York Times*, Oct. 13, 1929

The stock market will see bigger gains in the immediate future than at any other period of its history, and except for minor fluctuations the present high level of prices will be constant for years to come, according to a statement by Dr. Charles Amos Dice, professor of business organization at Ohio State University . . .

"Among the yardsticks for predicting the behavior of stocks which have been rendered obsolete," Dr. Dice went on, "are the truism that what goes up must come down, . . . that stock prices cannot safely exceed ten times the net earnings available for dividends on the common stock per share."

"The day of the small investor is here. Once despised and turned away, he is now sought day and night. The appeals come from the best banking houses as well as from the fly-by-night operator. The wage earner is made aware of how easy it is to build up an estate by small installment payments."

"It's Fine as Long as You're Going Up"

Des Moines Register, Iowa, March 29, 1928

Cartoonist: Jay N. "Ding" Darling. Reproduced by permission.

7 DAYS BEFORE THE CRASH

"Stocks Slump Again, but Rally at Close on Strong Support," *The New York Times*, Oct. 22, 1929

Amid scenes of wild confusion and drastically lower prices, the stock market continued yesterday to pay the piper for its long dance of advancing and inflated prices. . . . Trading was so confused, the market was so big and broad, and the [ticker] tape so late, that most traders in stocks had no idea where they stood at any particular time. At any rate, in those stocks which reflected vulnerability, the losses of open market value ran into the hundreds of millions of dollars.

Five major factors are considered mainly responsible for the market's wide break, which now has lasted through three days of trade and has cut billions off open market values. These are:

- The readjustment of prices to a lower level more commensurate with earnings and immediate prospects.
- Unanswered margin calls[10] by thousands of small traders whose stocks were sold at the market. The catching of a multitude of stop-loss orders[11] also added to the confusion.
- Foreign liquidation [selling] on a large scale, especially in the railroad stocks, as foreigners had to protect their interests at home.
- Impressive hammering at the market by bearish traders [investors taking advantage of the falling "bear" market], with especially skillful short selling[12] by many wealthy individuals.
- The development of a wave of apprehension among stockholders, many of whom still had profits.

5 DAYS BEFORE THE CRASH

"Prices of Stocks Drop in Heavy Liquidation; Total Drop of Billions," *The New York Times*, Oct. 24, 1929

Frightened by the decline in stock prices during the last month and a half, thousands of stockholders dumped their shares on the market yesterday afternoon in such an avalanche of selling as to bring about one of the

[10] Margin calls: stockbrokers' demands that investors immediately make payment on the loans they arranged through the brokers to make their stock purchases.
[11] Stop-loss order: investor's arrangement with a stockbroker for the automatic sale of stock that drops to a certain price.
[12] Short selling: a reversed buy-sell process in which an investor, to make money in a falling market, sells a falling stock before buying it at a lower price.

widest declines in history. Even the best of seasoned, dividend-paying shares were sold regardless of the prices they would bring, and the result was a tremendous smash in which stocks lost from a few points to as much as ninety-six.

5 HOURS AFTER THE CRASH: OCT. 29, 1929, 9:20pm

Lawrence Richey, secretary to Pres. Herbert Hoover
Memo to the President, sent as White House telegram

Mr. President: – Mr Rand, of Remington-Rand Company[13] New York has just telephoned stating that he thinks you should issue statement to the press tonight for publication tomorrow morning, such as this:—

"I am of the opinion that speculators excessives have been thoroughly liquidated [sold] *and sound investment securities* [stocks and bonds] *have been reduced to a safe and attractive* [price] *level. Now is the time for Bankers, Brokers, and Investors to exercise the utmost of patience and cool judgement in all dealings with one another."*

Mr. Rand states that conditions are very serious and if exist for day or two longer as they have for past few days, will result in ruining millions of business people. States reaction not alone in New York, but all over the Country, as he has been in touch with different sections of the country over long-distance phone, and states business people of the Country are looking to you for some such statement to save the situation.

REALTY MAN MISSING AFTER STOCK CRASH

Wife Says Germansky Was Seen Last Near Exchange Tearing Ticker Tape to Bits.

Bernard H. Sandler, attorney, of 225 Broadway, was asked yesterday morning by Mrs. Abraham Germansky of Mount Vernon to help find her husband, missing since Thursday morning. Germansky, who is 50 years old and an east side real estate operator, was said by Sandler to be known as a millionaire and to have invested heavily in stocks.

The New York Times, Oct. 26, 1929

The New York Times, Oct. 30, 1929

FALLS DEAD AT TICKER AS STOCKS DECLINE

Providence Merchant Worried Over His Holdings—Kansas City Man Shoots Himself.

PROVIDENCE, R. I., Oct. 29 (AP).—David Korn, 57, proprietor of a coal firm and prominent in charitable activities here, dropped dead in a broker's office in Providence this afternoon as he was watching the ticker. Witnesses said Mr. Korn had appeared worried as news of the stock market crash came into the office.

The brokers said, however, that Mr. Korn's holdings were in no especial danger.

1 DAY AFTER THE CRASH

"The Stock Market"
New York Evening Post, October 30, 1929

It is clear that the Street is going through the greatest disaster in its history. No fair words can gloss over that fact. Because there is no tightness of money[14] we are without the most familiar feature of a bad [economic] time. Furthermore, the stock market has been operating so independently of business that we have not yet realized the larger results of its break. Nevertheless, good must come even from this stern and cruel housecleaning. The country will go back to work. . . .

That means here, as it meant in postwar Germany, a revival of values. How can any cool head fail to agree with Professor Irving Fisher's declaration that standard American stocks have gone so much too low as to be crying to be bought?

Such stocks are the bone and sinew of the country. Not to believe in them is not to believe in America. The world has so many things that must be done, and no one can do them better than our own people. Our business strength has pulled us out of difficulties in days gone by. With faith it will do it again.

STOCKS COLLAPSE IN 16,410,030-SHARE DAY, BUT RALLY AT CLOSE CHEERS BROKERS; BANKERS OPTIMISTIC, TO CONTINUE AID

The New York Times, Oct.30, 1929, p. 1, headline

[13] Typewriter and business machine manufacturer.
[14] Tightness of money: financial situation in which loans or credit are difficult to obtain, usually due to high interest rates.

1 DAY AFTER THE CRASH

Newspaper commentary, October 30, 1929, compiled by the Associated Press; copy in Herbert Hoover Presidential Papers

Denver Post

The United States has more money than any country in the world and more gamblers—they prefer to call themselves investors.

Every man who is buying and selling on margin is gambling. And the snowball they have been rolling uphill got too big and heavy and rolled back over them.

The little fellow is not alone to blame for present conditions; the big fellows, bankers, brokers, money lenders, are equally to blame.

Philadelphia Evening Ledger

Again in yesterday's stock market we were able to see how dangerous a thing the emotion of fright may be when it is artificially created by careful and persistent propaganda and used as a means of control or discipline in the field of finance and business. The propagandists of gloom and economic terror certainly should feel proud of their work, whatever the feeling of the country may be when it pauses to think a little later on.

The poison of fear was fed liberally to the public mind, and so all of a sudden the lords of the nation's credit found themselves trying desperately to stop a fall of price that was even more unreasonable and disturbing than the rise of which they complained [of] in the first place.

Birmingham* [Alabama] *Age-Herald

No thoughtful person can regard what has taken place as less than good and hopeful. The country had gone speculation mad. It is worthwhile for the sake of the larger good that even so drastic a liquidation as has been witnessed should have taken place.

There will be no panic because the United States has gotten beyond that stage in its economic development and because resources are available through the Federal Reserve System to prevent such a calamity.

Nashville* [Tennessee] *Banner

The underlying industrial and commercial structure of the country was not involved and is not impaired, but a superstructure of financial exploitation, reckless investment, and straining of credit brought about a dangerous and top-heavy condition. The reaction had to come, and the country will be better off for the lesson it has had, costly though it be.

Montgomery* [Alabama] *Journal

The collapse was inevitable and has been predicted by careful observers for many weeks. Prices of stocks have been boosted beyond all reason. . . . The prices were purely artificial and speculative. Now they have dropped to a more nearly normal figure, and while the experience has been costly to thousands of people, in the long run it is much better to have the nation's securities on a business basis than upon a gambling and speculative basis.

Chicago Herald and Examiner

Although losses suffered by the public have been enormous, a group of investors, numbering thousands, escaped uninjured and is now ready to take advantage of the break.

Thus is presented in the richest country in the world, with the most remarkable record of continuous prosperity in history, a bargain counter on which are offered shares in ownership of the rich industries that have led the way to progress in modern civilization.

Kansas City Star

Now that the inevitable deflation has come, business conditions remain essentially sound with expanding demands throughout the world. With market uncertainties virtually at an end and with credit being released from Wall Street for ordinary business uses, the way is prepared for a further advance in industry. Once the adjustment is completed, the country will move forward to new levels of prosperity.

The Baltimore Sun

The stock market crash obviously is the result of many forces, most of them transitory, and all of them combined incapable of upsetting the firm base of prosperity. The task of unravelling and weighing all of these forces, which in all their fury yesterday did not touch the mainsprings of prosperity, is one that will occupy specialists for many years. An aspect of the crash, however, that is perfectly obvious to anyone who reads is that it is an inevitable reaction to a consistent postwar Republican policy of pumping artificial stimulants in the economic system.

The New York Times

The country's credit facilities have been frightfully mishandled by the reckless Wall Street speculators, but at least the visible signs at the crucial moment do not indicate such spread of spectacular reaction from the stock exchange into trade and industry as almost invariably followed our old time panics. What will be the sequel in trade which may have been stimulated through purchases by an army of speculators with paper profits now scattered to the winds it is useless to conjecture. But if present indications are fulfilled, sound and conservative industry will not be shaken as it used to be on such occasions.

"Taken for a Ride," *Chicago Tribune*, Oct. 25, 1929 (detail)

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WALL ST. LAYS AN EGG

7 DAYS AFTER THE CRASH

President Herbert Hoover
Press conference, November 5, 1929

We have had a period of overspeculation that has been extremely widespread, one of those waves of speculation that are more or less uncontrollable, as evidenced by the efforts of the Federal Reserve Board, and that ultimately results in a crash due to its own weight. . . .

The ultimate result of it is a complete isolation of the stock market phenomenon from the general business phenomenon. In other words, the financial world is functioning entirely normal and rather more easily today than it was two weeks ago, because interest rates are less and there is more capital available.

The effect on production is purely psychological. So far there might be said to be from such a shock some tendency on the part of people through alarm to decrease their activities, but there has been no cancellation of any orders whatsoever. There has been some lessening of buying in some of the luxury contracts, but that is not a phenomenon itself. . . .

The sum of it is, therefore, that we have gone through a crisis in the stock market, but for the first time in history the crisis has been isolated to the stock market itself. It has not extended into either the production activities of the country or the financial fabric of the country, and for that I think we may give the major credit to the constitution of the Federal Reserve System.

> As B. C. Forbes recently said, about the best thing that could happen to the Stock Market now would be to get itself off the front page of the general newspapers.
> *The Wall Street Journal*
> Nov. 5, 1929

11 DAYS AFTER THE CRASH

"Wall Street's 'Prosperity Panic'"
The Literary Digest, November 9, 1929

The worst panic in Wall Street's history—at least in peace times—record-breaking in magnitude and in widespread losses, was nevertheless an entirely new kind of panic. Future historians, it is freely predicted, will speak of it as "the prosperity panic of 1929." "The panics of the past were brought about by something fundamentally wrong with finance or business, crop failures, earthquakes, strained international relations, prohibitive rates for money, inflated inventories, and the like," remarks the *Wall Street Journal*. But this October catastrophe on Wall Street was purely a speculative stock market panic, all authorities agree. The downward moves in other markets were repercussions of the crash in stock values in New York. One writer frankly terms it "a gamblers' and not an investors' panic."

. . . As Laurence Stern notes in the New York *World*, "in the total decline since September 3, the shrinkage of stock values is conservatively placed at $50,000,000,000, the most drastic securities deflation [drop in value] in this history of the world." The final orgy of selling was "a financial nightmare, comparable to nothing ever before experienced in Wall Street," continues this writer—"it rocked the financial district to its foundations, hopelessly overwhelmed its mechanical facilities, chilled its blood with terror." Wall Street's cry for money shook the city, newspapers reporting pawnbrokers turning away hundreds eager to raise almost anything on jewels and silver. . . . A fashionable restaurant in a newspaper advertisement asked its guests to please not "discuss Wall Street."

15 DAYS AFTER THE CRASH
"Can the Market Be Controlled?"
The New Republic, November 13, 1929

Is there anybody who would argue that the behavior of the stock exchange during the past year has been a useful element in the nation's life? What good does it do for wealth—even paper wealth—to be won and lost so quickly? While the market was going up, the successful bulls [proponents of continued stock speculation] and those who profited by their overconfidence loudly proclaimed, despite all critics, the virtues of speculation for the rise, but many of these same forces now console the speculators for their losses only by pointing out their folly. The question is insistent, what could have been done to prevent its happening again? . . .

We cannot hope to suppress the human instinct to gamble, but we may limit its capacity for harm in a realm which is so closely associated with the life of the nation. We may do something to make the stock market serve the purpose it is supposed to serve.

15 DAYS AFTER THE CRASH
"The Men Who Did It"
The Nation, November 13, 1929

What bankers and brokers know very well, however, is that the Federal Reserve is the body primarily to thank for the disaster which the stock market has just gone through. . . .

The responsibility of the Federal Reserve, weighty as it is, must be shared by the Coolidge and Hoover administrations. For two years and more, while calamity was preparing, the country was again and again assured from Washington that everything was all right—industry prosperous, business good, savings increasing, the outlook fine. No warning has come from the Potomac to give the country pause—nothing but smug official complacence in a situation rotten to the core. One wonders, now that the mischief is done, whether the people who have been misled will forget, or whether they will remember.

17 DAYS AFTER THE CRASH
President Herbert Hoover
Press conference, November 15, 1929

My own experience, however, has been that words are of no very great importance in times of economic disturbance. It is action that counts. The action of the Federal Reserve Board in establishing credit stability, ample capital, the confidence of the administration in undertaking tax reduction, with the cooperation of both political parties, speaks a good deal stronger than any number of statements.

20 DAYS AFTER THE CRASH
"Market Smash Epoch Making"
The Wall Street Journal, Nov. 18, 1929

Veterans of the "Street" will long have cause to remember the dark days of October and November 1929. They brought a stock market hurricane, unparalleled in its scope and intensity, leaving a wide path of ruin. . . .

All this was encompassed in a period of 57 trading days from September 3, when the Dow-Jones industrial share average stood at its record figure of 381.17. There [illegible] an almost uninterrupted drop, gaining momentum as margins and confidence became impaired, down to an average of 230.07 on October 29, a decline of 151.10 points in 46 trading days.

Then came on October 30 the inspiring statement of John D. Rockefeller from Pocantico Hills, the first he had made since the dark days of [the panic of] 1907, that "my son and I have for some days been purchasing sound common stocks," and declaring that

"Never Again—Until the Next One Comes Along"
Des Moines Register, Iowa, Nov. 8, 1929
Cartoonist: Jay N. "Ding" Darling. Reproduced by permission.

"there is nothing in the business situation to warrant the destruction of values that has taken place. . . ."

A substantial rebound occurred in the market October 30 and 31, carrying the industrial average back to 273.51, up 43.44 points in two days. On Friday and Saturday following the rebound, the New York Stock Exchange and all the lesser stock exchanges were closed to enable clerical forces [record-keeping staff] to make a start on untangling the snarled skein and to "conserve manpower."

The exchanges opened Monday, November 4 with a supposed huge accumulation of "buy" orders widely heralded in advance by the press. But, alas, this turned out [to] be a piece of fiction. What promised to be a further advance was turned into a rout. . . .

So great was the avalanche of selling that all previous figures seem puny by comparison. On the biggest day, October 29, transactions ran to 16,410,000 shares, a figure beyond the wildest imagination a few years back.

26 DAYS AFTER THE CRASH

Will Rogers, the "cowboy-philosopher"
Weekly syndicated column, Nov. 24, 1929

This Stock Market thing has kinder had the front page groggy here lately. They thought we had the thing just about as low as they could possibly get it but here lately it's been getting still worse.

Course all that's great for the rich, for they just sit around and wait till somebody goes broke and then buy in. But the old Margin Boy has got a mustard plaster on him all over.[15] He can't take any good stocks of his to protect the weak ones, for there is no good ones, the good ones are the ones that are going down. . . . Nothing determined the worth of the stock but the fact that it was going up, and it hadn't reached a thousand yet and there was no reason why it shouldn't keep going till it did.

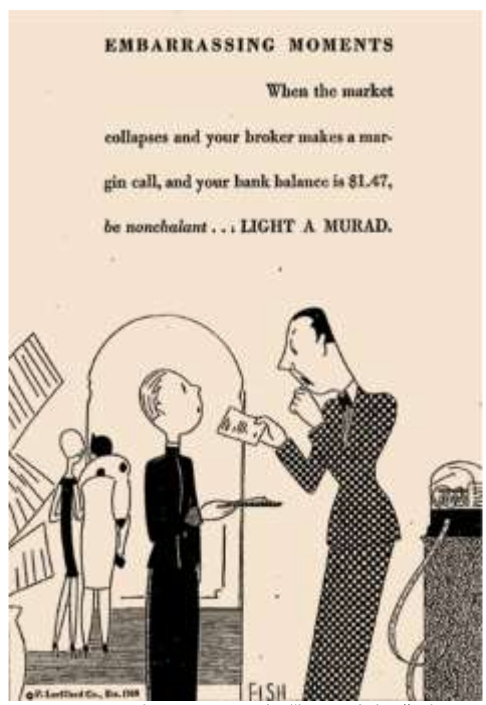
Oh it was a great game while it lasted. All you had to do was to buy and wait till the next morning and just pick up the paper and see how much you made, in print. But all that has changed, and I think it will be good for everything else. For after all everybody just can't live on gambling. Somebody has to do some work.[16]

29 DAYS AFTER THE CRASH

"After the Whirlwind"
The Nation, November 27, 1929

. . . The bursting of the stock market bubble, blown to the limit by speculators and a public blind to the fact that what goes up may also come down, has laid bare some of the major weaknesses of the economic situation. Does it mean, however, that the United States, having overreached itself and lost its head in the prosperity scramble, is now going to the dogs? Is the country headed for calamity, with the stock market carrying the flag? We think not. . . .

The great task of the next few months is the restoration of confidence—confidence in the fundamental strength of the financial structure notwithstanding the strain that has been put upon it, confidence in the essential soundness of legitimate industry and trade. . . . The public that has allowed itself to be drawn into the stock market at unprecedented cost to its pocket must recover its good sense, and the best service that the average man can render to that end is to keep his head and cheerfully shoulder his own share of the blame.



advertisement in the "be nonchalant" ad series for Murad cigarettes, *Life*, December 27, 1929

[15] I.e., the stockbroker is more injured than the wealthy, who can wait out the economic collapse. (Mustard plaster: wound dressing with mustard seed powder)

[16] *The Writings of Will Rogers* (Oklahoma State University Press, 1980-1981), ed. James M. Smallwood, Vol. IV, The Hoover Years: 1929-1931 (1981), pp. 87-89. Reproduced by permission of the Will Rogers Memorial Commission, an agency of the State of Oklahoma.

3 MONTHS AFTER THE CRASH

Virgil Jordan, "The Era of Mad Illusions"
The North American Review, January 1930

Probably no nation in modern times has suffered so frequently or so greatly as the United States from recurrent periods of exaggerated optimism and unrealistic interpretation of its economic situation. This tendency to ignore the natural law of steady growth has its deep roots in American history and the American temperament. The country was discovered, settled, and developed by speculators and adventurers, and not so long ago but that the strain is still in the blood of American business and the general public. The opening of the West under the Homestead Acts, the gold rush of 'Forty-nine, the period of western land speculation and boom railroad building were all reflections of this quality, and they attest the role which the willingness to take any chance has played in the country's growth.

4 MONTHS AFTER THE CRASH

Henry Parker Willis
First secretary of the Federal Reserve Board, 1914-18
"Who Caused the Panic of 1929?"
The North American Review, February 1930

This panic was not "inevitable." It was the result of gross carelessness or wanton recklessness. The recording of its causes in frank language may help to prevent the recurrence of a similar situation at too early a date. . . .

For generations past it has been expected of our bankers that they should exert themselves to restrain hasty or flighty investors, and that they should inculcate [encourage] the advantages of saving as against speculation. Yet within the past two years it has been indisputably true that this whole range of maxims [guidelines] has been abandoned by our banking community. Through their establishment of affiliated financing companies, they have put themselves into a position as issuers of stocks. Investment trusts, shares in affiliates or associates, and similar securities of all kinds, have poured forth from the banks, while many more have been issued by "groups," which were practically bankers and banking houses in another form. . . .

The breakdown of 1929 was as nearly the result of willful mismanagement and violation of every principle of sound finance as such an occurrence ever has been. It was the outcome of vulgar grasping for gain at the cost of the community. It has been a national disgrace and a source of untold national and individual loss. In paying the bill entailed by it, the American people should think seriously about how they can best avoid running up another.

15 MONTHS AFTER THE CRASH

Will Rogers, the "cowboy-philosopher"
Weekly syndicated column, January 4, 1931

We was just getting the idea that nothing could go down in price, we thought the only way it could go was up. Just buy it and hold it a day or so that's all we thought there was to finance. Well, from now on you are going to find some mighty careful folks. A Salesman knocking on our door now with some new fangled pet knife is going to have to be mighty good to even get in the door much less make a sale. The Lord just kinder looked us over and says, "Wait, you folk going too fast, slow up and look yourself over, a year of silent meditation will do you good. Then when you start again you will know you got to get it by working and not by speculation." So the old year just gone is liable to prove in the long run a mighty beneficial year after all. It may bring us back to our senses.[17]

TWO YEARS AFTER THE CRASH

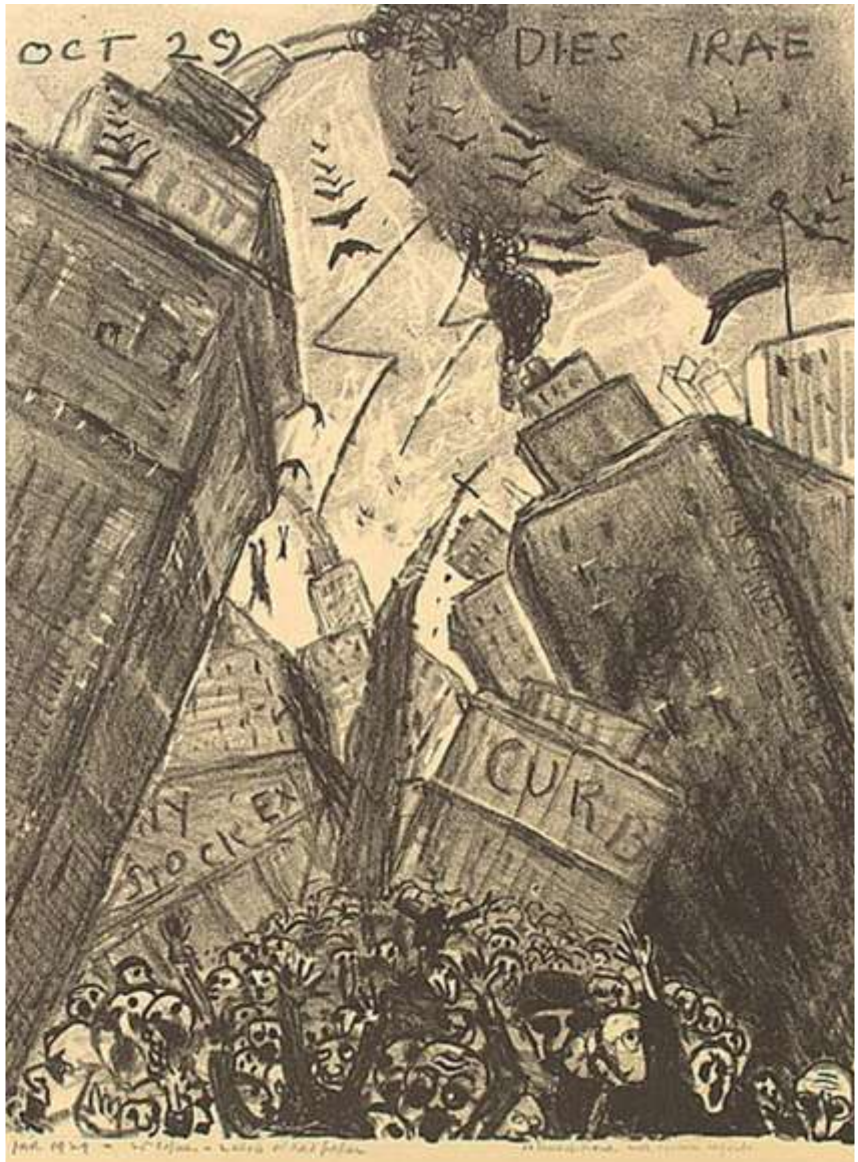
Frederick Lewis Allen, journalist
Only Yesterday: An Informal History of the Nineteen Twenties, 1931

One thing more: as you look at the high prices recorded on September 3, 1929, remember that on that day few people imagined that the peak had actually been reached. The enormous majority fully expected the Big Bull Market to go on and on.

For the blood of the pioneers still ran in American veins; and if there was no longer something lost behind the ranges, still the habit of seeing visions persisted. What if bright hopes had been wrecked by the sordid disappointments of 1919, the collapse of Wilsonian idealism, the spread of political cynicism,

[17] *The Writings of Will Rogers*, Vol. IV, column of Jan. 4, 1931, pp. 220-222.

the slow decay of religious certainty, and the debunking of love? In the Big Bull Market there was compensation. Still the American could spin wonderful dreams—of a romantic day when he would sell his Westinghouse common [stock] at a fabulous price and live in a great house and have a fleet of shining cars and loll at ease on the sands of Palm Beach. And when he looked toward the future of his country, he could envision an America set free—not from graft, nor from crime, nor from war, nor from control by Wall Street, nor from irreligion, nor from lust, for the utopias of an earlier day left him for the most part skeptical or indifferent; he envisioned an America set free from poverty and toil. He saw a magical order built on the new science and the new prosperity: roads swarming with millions upon millions of automobiles, airplanes darkening the skies, lines of high-tension wire carrying from hilltop to hilltop the power to give life to a thousand labor-saving machines, skyscrapers thrusting above one-time villages, vast cities rising in great geometrical masses of stone and concrete and roaring with perfectly mechanized traffic—and smartly dressed men and women spending, spending, spending with the money they had won by being far-sighted enough to foresee, way back in 1929, what was going to happen.



Library of Congress James N. Rosenberg, Oct 29 *Dies Irae (Day of Wrath)*, lithograph, October 28, 1929[16]

Rosenberg, a bankruptcy lawyer in Manhattan and student of lithography, rushed to his instructor's studio on Black Tuesday to create this apocalyptic work.

THREE YEARS AFTER THE CRASH

Barnie F. Winkelman, lawyer
Ten Years of Wall Street, 1932

It is impossible to grasp the change in life and thought produced by the economic upheaval. Reversals of fortune as strange as those produced by the Russian Revolution are all about us. Retired bankers and businessmen became porters [baggage carriers] and messengers; debutants of 1928 and 1929 became waitresses in 1932. Ladies of the highest culture and fashion peddled cosmetics, solicited subscriptions to magazines or drifted lower in the

[18] Curb—collapsing building in *Dies Irae*. At the time, "curb trading" referred to the street sale of stocks not sold through the New York Stock Exchange.

scale. A million tragedies were enacted in this interim, each more poignant than any novel ever penned. Thousands of the aged, the weak, the demoralized . . . sought a way out in suicide.

More startling were the changes of thought in high places. “Even the rain wasn’t wet anymore,” remarked a taxi driver early in 1932. Economy superseded lavish expenditure as the heroic gesture. political creeds of a century were discarded overnight.

Back in 1910—when the term “socialism” indicated economic leprosy,[19] the mention of the state, city, or government ownership of the utilities or the railroads was abhorrent in polite circles.[20] Yet in 1932 our leading bankers pleaded that our cities take over the transit [transportation] systems, and that the government remove the railroads from private ownership. Such is the magic of red ink.[21]

NINE YEARS AFTER THE CRASH

George Mehales, South Carolina
WPA Life Histories interview, December 1938 [22]

Born in Greece in 1892, George Mehales and his brother were sent by their mother in 1895 to live with an uncle in the U.S. After World War I, the brothers opened a Greek restaurant in Spartanburg, South Carolina. Mehales was interviewed in 1938 as part of the South Carolina Writers’ Project, a New Deal program in the Works Progress Administration.

One day [in the 1920s], one of my customers showed me how much money he was making in the market. I had never even thought about the stock market before. For a few days, I looked at the market page in the newspaper. It looked good to me, and I bit with what you folks call “hook, line and sinker.” All the money I took in, I put into stocks. The first day of October in 1929 made me feel like I was rich. The stocks I bought had gone up and up. I sold some of them and bought others. I often thought about what my mother had said and that was “You'll get rich in America someday!” I should have paid for my [restaurant] fixtures, but I figured I could pay them any time. You might think I would have known better, but I didn’t. I figured I could pay my debts any time, and I just let them ride.

Trouble hit me hard during the last day of October of that year. I had become so interested with the market that I let my own business go down. I wasn’t there half the time. I need my own place of business as a place to hang around in. Business dropped off, but I didn’t care ’cause I was making plenty money in the market.

During the last days of October, my stocks began to drop. I was gambling on the margin. My brother called me and told me I would have to put up more cash. I went to the bank and put up all the cash I had in the bank with my brother. It seemed to me that things would soon get better. I sent a telegram to my brother and he sent me one thousand dollars. I had about five thousand dollars invested. On that day of October 29, they told me I needed more cash to cover up. I couldn’t get it. I was wiped out that day.

I guess disappointment comes mighty hard to some people, but that almost killed me. My brother lost in the market like me, and he couldn’t help me out. I considered killing myself, ’cause I had nothing left. I found out what a fool I had been. I did manage to pay my debts by selling my cafe at rock bottom prices. I learned a lesson then. It almost killed me to see my cafe go at such a cheap price. It taught me that you’ve got to pay your debts to get along.

[19] I.e., when the prospect of government regulation or control of business was viewed as a dreaded disease.
[20] I.e., despised by the longtime and politically conservative wealthy class.
[21] “Red ink”: in business, a financial loss. On corporate financial balance sheets, losses were written in red ink.
[22] See full text in American Life Histories, American Memory, Library of Congress (lcweb2.loc.gov/cgi-bin/query/D?wpa:47:./temp/~ammem_NWvC::).