

Stock Market Crash of 1929

The Stock Market Crash of 1929 was the worst economic collapse in American history. It began on October 24, 1929, Black Thursday. The stock market had experienced an amazing surge and hit 381.17 in the beginning of September. However, the market began to fall; and 12.9 million shares were traded on Black Thursday. At a meeting the next day, major economic leaders discussed how to deal with the trading on the stock market floor. Richard Whitney, the vice president of the stock market, used a method that had helped to end the Stock Market Panic of 1907. He purchased shares of high-profile businesses, such as United States Steel, at prices above the normal limit. The constant trading and slide in the stock market seemed to end; unfortunately, this was only temporary.

When newspapers began to cover the exchange, many people pulled out of the market when the floor opened on Monday, October 28. By the end of the day, the market was down thirteen percent. The next day, Black Tuesday, 16.4 million shares were offered for sale. This caused the market to experience a crash. Another meeting was held, and many wealthy businessmen began purchasing additional stocks at elevated prices to demonstrate their confidence in the stock market. However, their efforts were futile. An estimated \$14 million was lost that day, and the total five-day loss reached \$30 million.

The stock market crash had a tremendous impact on the U.S. and world economies. It was the catalyst for the Great Depression of the 1930s. Many companies were forced to file for bankruptcy, resulting in a loss of wealth for many Americans. Individuals lost their jobs because employers could not pay them. American unemployment levels rose to a staggering twenty-four percent. Many people were forced to sell their possessions to raise money to survive. Depression and suicide were tragic consequences of the economic catastrophe.

The stock market hit its lowest value on November 13, closing at 198.6. After this, the stock market entered a recovery period. It slowly improved over the next several months, peaking at 294 in April 1930. The market then began to decline again in April 1931. It continued to steadily decline until 1932, closing at 41.22 in July. Since the start of the crash on Black Thursday, the market had lost eighty-nine percent of its value, which caused further economic panic in the United States.

Name: _____

Date: _____

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Discussion Questions:

1. What happened when the stock market first began to crash?
2. What did Richard Whitney do to help the stock market rise?
3. What label was given to October 29, 1929? How many shares were traded that day on the stock market?
4. How much money did the stock market lose in the five-day period of the crash?

