A Review Of The Stock Market Crash Of 1929

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The crash began on October 24, 1929 and the slide continued for three business days, ending on October 29 1929 (as we can see, the crash did not occur in the ?0s, as many people believe). The first day of the crash is known as Black Thursday, and the last day is called Black Tuesday. The crash began when a rush of nervous spenders panicked and rushed to sell their shares- over 13 million stocks were sold on that first Thursday. In an attempt to halt the slide, several bankers and businessmen gathered and tried to rally the numbers by buying up blue-chip stocks, a tactic that had worked in 1909. This was to prove only a temporary fix, however. Over the weekend, while the stock markets were closed, the media added to the fear of investors as the published the wrap ups to the week. By Monday, a fearful populace, nerves on edge due to the reports, were waiting to liquidate. Again, industrial giants and other businesses tried to halt the panic by demonstrating their faith in the system by buying more stock, but the slide would not stop. The market did not recover its value until almost a quarter of a decade later.

As with any legend, the Wall Street Crash of 1929 carries with it several mythical misconceptions. To start with, the Crash did not lead to the Great Depression. In fact, many financial analysts and historians are still not sure to what degree the Crash even contributed. The economic forecasts were poor before Wall Street fell, and it was poor people who could not even afford to think about stocks that were the most affected by the Depression. For these people, poverty was mostly caused by very poor farming conditions. There was also not the onslaught of suicides that is commonly referred to- a few investors did succumb to depression, but their numbers are generally agreed to have been very small indeed- enough to count on one hand.

What was it that caused this Crash? Because the market had been doing so well, many Americans were investing- many more, in fact, than could afford it. These people were investing on speculation. This means that they were buying stocks with an eye to selling them in the future for a higher profit, and to achieve the capital to invest they borrowed from banks. When prices began to drop, people realized they would not be able to pay their debt, let alone make any money,. They rushed to get out as soon as possible. To prevent panics such as this in the future, buying on speculation is now illegal.

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