

CHAPTER
14

Section 1

PRIMARY SOURCE The Stock Market Crash

New York Times reporter Elliott V. Bell witnessed firsthand the panic and despair that ensued after the stock market crashed on October 24, 1929. As you read his account, think about the chain of events that followed the crash.

The market opened steady with prices little changed from the previous day, though some rather large blocks, of 20,000 to 25,000 shares, came out at the start. It sagged easily for the first half hour, and then around eleven o'clock the deluge broke.

It came with a speed and ferocity that left men dazed. The bottom simply fell out of the market. From all over the country a torrent of selling orders poured onto the floor of the Stock Exchange and there were no buying orders to meet it. Quotations of representative active issues, like Steel, Telephone, and Anaconda, began to fall two, three, five, and even ten points between sales. Less active stocks became unmarketable. Within a few moments the ticker service was hopelessly swamped and from then on no one knew what was really happening. By 1:30 the ticker tape was nearly two hours late; by 2:30 it was 147 minutes late. The last quotation was not printed on the tape until 7:08½ P.M., four hours, eight and one-half minutes after the close. In the meantime, Wall Street had lived through an incredible nightmare.

In the strange way that news of a disaster spreads, the word of the market collapse flashed through the city. By noon great crowds had gathered at the corner of Broad and Wall streets where the Stock Exchange on one corner faces Morgan's [the headquarters of J. P. Morgan] across the way. On the steps of the Sub-Treasury Building, opposite Morgan's, a crowd of press photographers and newsreel men took up their stand. Traffic was pushed from the streets of the financial district by the crush. . . .

The animal roar that rises from the floor of the Stock Exchange and which on active days is plainly audible in the Street outside, became louder, anguished, terrifying. The streets were crammed with a mixed crowd—agonized little speculators, walking aimlessly outdoors because they feared to face the ticker and the margin clerk; sold-out traders, morbidly impelled to visit the scene of their ruin; inquisitive individuals and tourists, seeking by gazing at the exteriors of the Exchange and the big banks to get a closer view of the national catastrophe; runners, frantically pushing their way through the throng of idle and curious in their effort to make deliveries of the unprecedented volume of securities which was being

traded on the floor of the Exchange.

The ticker, hopelessly swamped, fell hours behind the actual trading and became completely meaningless. Far into the night, and often all night long, the lights blazed in the windows of the tall office buildings where margin clerks and bookkeepers struggled with the desperate task of trying to clear one day's business before the next began. They fainted at their desks; the weary runners fell exhausted on the marble floors of banks and slept. But within a few months they were to have ample time to rest up. By then thousands of them had been fired.

Agonizing scenes were enacted in the customers' rooms of the various brokers. There traders who a few short days before had luxuriated in delusions of wealth saw all their hopes smashed in a collapse so devastating, so far beyond their wildest fears, as to seem unreal. Seeking to save a little from the wreckage, they would order their stocks sold "at the market," in many cases to discover that they had not merely lost everything but were, in addition, in debt to the broker. And then, ironic twist, as like as not the next few hours' wild churning of the market would lift prices to levels where they might have sold out and had a substantial cash balance left over. Every move was wrong, in those days. The market seemed like an insensate thing that was wreaking a wild and pitiless revenge upon those who had thought to master it.

from H. W. Baldwin and Shepard Stone, eds., *We Saw It Happen* (New York: 1938). Reprinted in Richard B. Morris and James Woodress, eds., *Voices from America's Past*, vol. 3, The Twentieth Century (New York: Dutton, 1962), 90–94.

Research Options

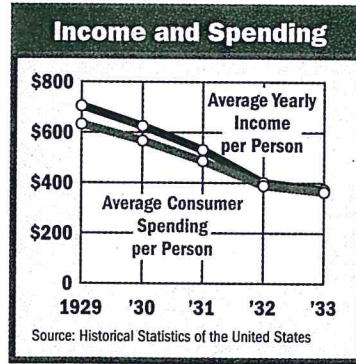
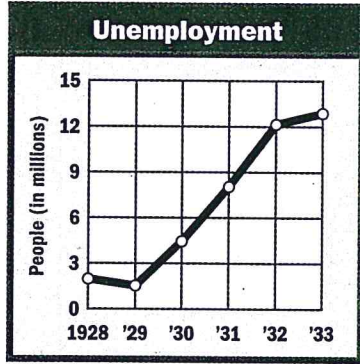
1. Find out prices of several stocks, such as RCA or General Motors, after the October 1929 crash. Then look at the business section of today's newspaper to compare the 1929 prices with prices of the same stocks today.
2. On October 19, 1987, the stock market crashed again. Find out about Black Monday in 1987 and then discuss with classmates the similarities and differences between this crash and the crash of October 1929.

CHAPTER
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Section 2

SKILLBUILDER PRACTICE *Interpreting Graphs*

Depression statistics often have the most impact when shown graphically. Read the title of the graphs below to identify the main idea. Read the vertical and horizontal axes of the graphs. Look at the legends and note what each symbol and unit represents. What trends do you see over certain years? When you compare the two graphs, what conclusions can you draw? Write a paragraph to summarize what you learned from the graphs. (See Skillbuilder Handbook, p. R28.)



Write a Summary

Write a paragraph to summarize what you learned from the graph.

CHAPTER
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GEOGRAPHY APPLICATION: MOVEMENT

The Great Depression Takes Its Toll

Section 2

Directions: Read the paragraphs below and study the map carefully. Then answer the questions that follow.

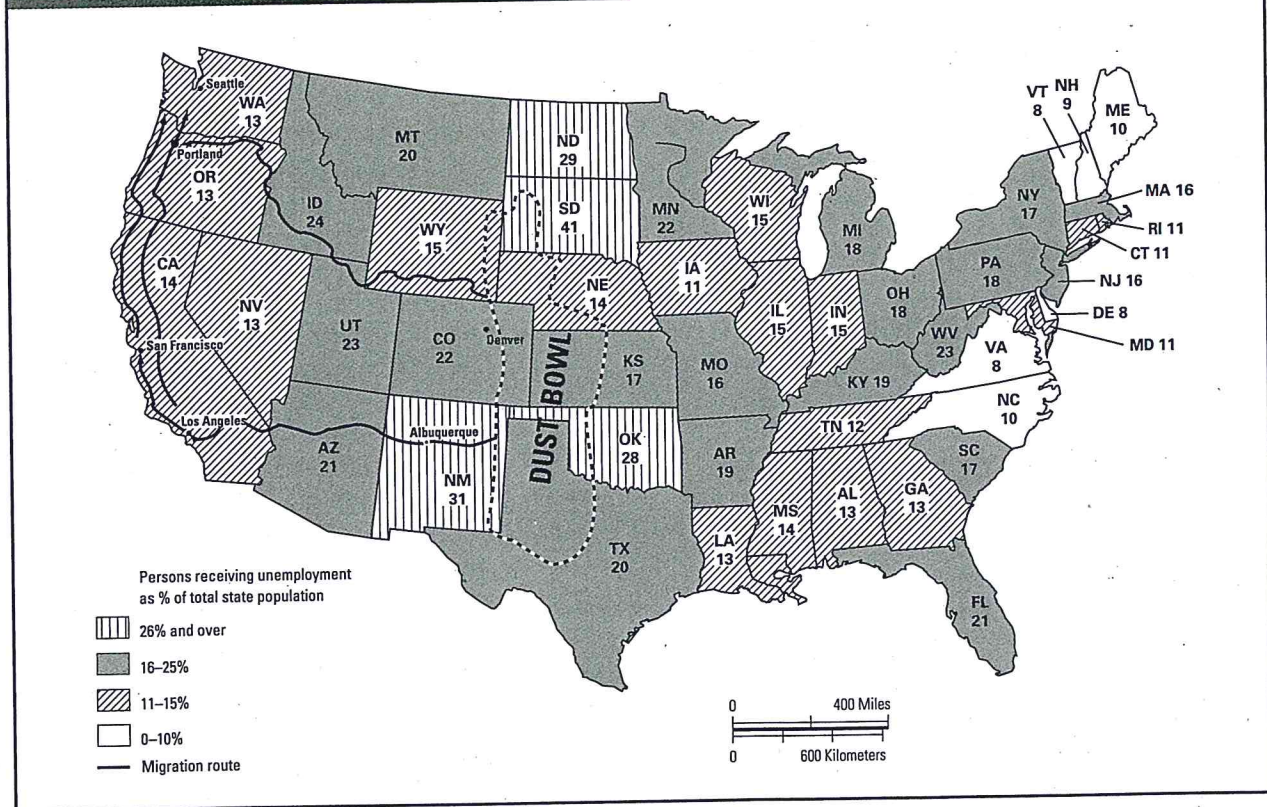
The effects of the Great Depression were heart-breaking. In 1932, for example, not a single person was employed in 28 percent of the families in the United States. Widespread unemployment contributed greatly to the steep 40 percent fall in average family income in the four years 1929–1933. In 1933 nearly 13 million workers, about 25 percent of the U.S. total, had no jobs.

Rates of unemployment, though, were far from uniform across the country. Some states—with industries such as radio and airplane production—were relatively well off, so that at one point, in 1934, there was a 33 percent difference between the highest and lowest state unemployment rates.

This disparity in unemployment rates started people moving all over the country. At the begin-

ning, many unemployed city dwellers moved to the countryside, hoping that farms were better off economically than cities. But soon agriculture suffered just as much as other businesses, especially during the Dust Bowl drought that began in 1933. Tens of thousands of families in the hardest-hit states—North Dakota, South Dakota, Nebraska, Kansas, Colorado, Oklahoma, and Texas—put everything they owned into cars and trucks and left home. (By 1936, some areas were ghostlike, with more than half of the houses abandoned.) By the end of the decade, all of the hardest-hit states except for Colorado and Texas had experienced population declines, even though the U.S. population grew by 9 million people during the decade.

Unemployment and Major Migration Routes, 1934



Interpreting Text and Visuals

1. Which four states had the highest unemployment rate in 1934?

2. Which region of the country—east or west of the Mississippi River—
was better off in 1934? _____

What statistics support your choice? _____

3. Which of the hardest-hit Dust Bowl states lost population in the 1930s?

4. What was the main destination of most people leaving the northern part
of the Dust Bowl? _____

Through which states did they travel? _____

5. What was the first destination of most people leaving the southern part
of the Dust Bowl? _____

What does the migration northward from Los Angeles imply? _____

CHAPTER
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Section 3

PRIMARY SOURCE Attack on the Bonus Army

The government planned to pay World War I veterans bonuses in 1945; however, in 1932 tens of thousands of veterans and their families descended on Washington to demand immediate payment. President Hoover eventually ordered the U.S. Army to drive the Bonus Army from the capital. As you read this excerpt from reporter Lee McCardell's eyewitness account, consider whether the veterans were treated fairly.

WASHINGTON, July 29—The bonus army was retreating today—in all directions. . . .

The fight had begun, as far as the Regular Army was concerned, late yesterday afternoon. The troops had been called out after a veteran of the Bonus Army had been shot and killed by a Washington policeman during a skirmish to drive members of the Bonus Army out of a vacant house on Pennsylvania Avenue, two blocks from the Capitol.

The soldiers numbered between seven hundred and eight hundred men. There was a squadron of the Third Cavalry from Fort Myer, a battalion of the Twelfth Infantry from Fort Washington, and a platoon of tanks (five) from Fort Meade. Most of the police in Washington seemed to be trailing after the soldiers, and traffic was tied up in 115 knots.

The cavalry clattered down Pennsylvania Avenue with drawn sabers.

The infantry came marching along with fixed bayonets.

All Washington smelled a fight, and all Washington turned out to see it.

Streets were jammed with automobiles.

Sidewalks, windows, doorsteps were crowded with people trying to see what was happening.

"Yellow! Yellow!"

From around the ramshackle shelters which they had built on a vacant lot fronting on Pennsylvania Avenue, just above the Capitol, the bedraggled veterans jeered. . . .

The cavalymen stretched out in extended order and rode spectators back on the sidewalks. The infantry started across the lot, bayonets fixed.

Veterans in the rear ranks of a mob that faced the infantry pushed forward. Those in front pushed back. The crowd stuck. An order went down the line of infantrymen. The soldiers stepped back,

pulled tear-gas bombs from their belts, and hurled them into the midst of the mob.

Some of the veterans grabbed the bombs and threw them back at the infantry. The exploding tins whizzed around the smooth asphalt like devil chasers, pfutt-pfutt-pfutt. And a gentle southerly wind wafted the gas in the faces of the soldiers and the spectators across the street.

Cavalymen and infantrymen jerked gas masks out of their haversacks. The spectators, blinded and choking with the unexpected gas attack, broke and fled. Movie photographers who had parked their sound trucks so as to catch a panorama of the skirmish ground away doggedly, tears streaming down their faces.

The police tied handkerchiefs around their faces.

"Ya-a-a-ah!" jeered the veterans.

But more gas bombs fell behind them. The veterans were caught in the back draft. They began to retreat. But before they quit their shacks they set them on fire. The dry wood and rubbish from which the huts were fashioned burned quickly. The flames shot high. Clouds of dirty brown smoke blanketed the avenue.

from Lee McCardell, Baltimore Evening Sun, July 29, 1932. Reprinted in Richard B. Morris and James Woodress, eds., Voices from America's Past, vol. 3, The Twentieth Century (New York: Dutton, 1962), 94-97.

Discussion Questions

1. According to McCardell, what sparked the fight between Bonus Army veterans and the soldiers?
2. How did the soldiers drive the veterans from the capital?
3. Do you think the veterans were treated fairly? Why or why not? Cite evidence from your textbook to support your opinion.

CHAPTER
14**Section 3****RETEACHING ACTIVITY** *Hoover Struggles with the Depression***Completion**

Choose the best answer for each item. Write the letter of your answer in the blank.

- _____ 1. Early on, many economists thought the best way to battle the Depression was to
- suspend the income tax.
 - offer cash handouts.
 - let the economy fix itself.
 - experiment with socialism.
- _____ 2. One Hoover-initiated project that provided many jobs and aided California's growing agricultural economy was construction of the
- Boulder Dam.
 - Brooklyn Bridge.
 - Erie Canal.
 - transcontinental railroad.
- _____ 3. Herbert Hoover believed that most of the help for the needy should come from
- charities.
 - corporations.
 - government.
 - family and relatives.
- _____ 4. Due largely to the voter frustration with Hoover, the congressional elections of 1930 were a victory for the
- Republican Party.
 - Democratic Party.
 - Socialist Party.
 - Bull-Moose Party.
- _____ 5. The Patman Bill called for an immediate bonus payment to
- artists.
 - farmers.
 - low-income families.
 - World War I veterans.
- _____ 6. The Bonus Army was dispersed by U.S. forces under the command of
- Douglas MacArthur.
 - Dwight Eisenhower.
 - Felix Frankfurter.
 - John Pershing.

Chapter 14: The Great Depression Begins Review

Section 1: The Nation's Sick Economy

Price Support

Credit

Dow Jones Industrial Average

Speculation

Buying on Margin

Black Tuesday

Great Depression

Hawley-Smoot Tariff Act

McNary-Haugen Bill

Know the following:

What were the causes of the Great Depression?

Section 2: Hardship and Suffering During the Great Depression

Shantytown

Soup Kitchen

Bread Line

Dust Bowl

Direct Relief

Hoboes

Section 3: Hoover Struggles with the Depression

Boulder Dam

Federal Home Loan Bank Act

Reconstruction Finance Corporation

Bonus Army

Glass-Steagall Banking Act

Patman Act

Know the Following:

What was the nickname for Shantytowns?

What are Hoover Flags?

What are Hoover Blankets?