

## Chapter Thirteen

### CRASH!

**E**ARLY in September the stock market broke. It quickly recovered, however; indeed, on September 19th the averages as compiled by the *New York Times* reached an even higher level than that of September 3rd. Once more it slipped, farther and faster, until by October 4th the prices of a good many stocks had coasted to what seemed first-class bargain levels. Steel, for example, after having touched 261 $\frac{3}{4}$  a few weeks earlier, had dropped as low as 204; American Can, at the closing on October 4th, was nearly twenty points below its high for the year; General Electric was over fifty points below its high; Radio had gone down from 114 $\frac{3}{4}$  to 82 $\frac{1}{2}$ .

A bad break, to be sure, but there had been other bad breaks, and the speculators who escaped unscathed proceeded to take advantage of the lesson they had learned in June and December of 1928 and March and May of 1929: when there was a break it was a good time to buy. In the face of all this tremendous liquidation, brokers' loans as compiled by the Federal Reserve Bank of New York mounted to a new high record on October 2nd, reaching \$6,804,000,000—a sure sign that margin buyers were not deserting the market but coming into it in numbers at least undiminished. (Part of the increase in the loan figure was probably due to the piling up of unsold securities in dealers' hands, as the spawning of investment trusts and the issue of new common stock by every manner of business concern continued unabated.) History, it seemed, was about to repeat itself, and those who picked up Anaconda at 109 $\frac{3}{4}$  or

American Telephone at 281 would count themselves wise investors. And sure enough, prices once more began to climb. They had already turned upward before that Sunday in early October when Ramsay MacDonald sat on a log with Herbert Hoover at the Rapidan camp and talked over the prospects for naval limitation and peace.

Something was wrong, however. The decline began once more. The wisecracs of Wall Street, looking about for causes, fixed upon the collapse of the Hatry financial group in England (which had led to much forced selling among foreign investors and speculators), and upon the bold refusal of the Massachusetts Department of Public Utilities to allow the Edison Company of Boston to split up its stock. They pointed, too, to the fact that the steel industry was undoubtedly slipping, and to the accumulation of "undigested" securities. But there was little real alarm until the week of October 21st. The consensus of opinion, in the meantime, was merely that the equinoctial storm of September had not quite blown over. The market was readjusting itself into a "more secure technical position."

## § 2

In view of what was about to happen, it is enlightening to recall how things looked at this juncture to the financial prophets, those gentlemen whose wizardly reputations were based upon their supposed ability to examine a set of graphs brought to them by a statistician and discover, from the relation of curve to curve and index to index, whether things were going to get better or worse. Their opinions differed, of course; there never has been a moment when the best financial opinion was unanimous. In examining these opinions, and the outgivings of eminent bankers, it must furthermore be acknowledged that a bullish statement cannot always be taken at its face value: few men like to assume the

responsibility of spreading alarm by making dire predictions, nor is a banker with unsold securities on his hands likely to say anything which will make it more difficult to dispose of them, unquiet as his private mind may be. Finally, one must admit that prophecy is at best the most hazardous of occupations. Nevertheless, the general state of financial opinion in October, 1929, makes an instructive contrast with that in February and March, 1928, when, as we have seen, the skies had not appeared any too bright.

Some forecasters, to be sure, were so unconventional as to counsel caution. Roger W. Babson, an investment adviser who had not always been highly regarded in the inner circles of Wall Street, especially since he had for a long time been warning his clients of future trouble, predicted early in September a decline of sixty or eighty points in the averages. On October 7th the Standard Trade and Securities Service of the Standard Statistics Company advised its clients to pursue an "ultra-conservative policy," and ventured this prediction: "We remain of the opinion that, over the next few months, the trend of common-stock prices will be toward lower levels." Poor's *Weekly Business and Investment Letter* spoke its mind on the "great common-stock delusion" and predicted "further liquidation in stocks." Among the big bankers, Paul M. Warburg had shown months before this that he was alive to the dangers of the situation. These commentators—along with others such as the editor of the *Commercial and Financial Chronicle* and the financial editor of the *New York Times*—would appear to deserve the 1929 gold medals for foresight.

But if ever such medals were actually awarded, a goodly number of leather ones would have to be distributed at the same time. Not necessarily to the Harvard Economic Society, although on October 19th, after having explained that business was "facing another period of readjustment," it predicted that "if recession should threaten serious conse-

quences for business (as is not indicated at present) there is little doubt that the Reserve System would take steps to ease the money market and so check the movement." The Harvard soothsayers proved themselves quite fallible: as late as October 26th, after the first wide-open crack in the stock market, they delivered the cheerful judgment that "despite its severity, we believe that the slump in stock prices will prove an intermediate movement and not the precursor of a business depression such as would entail prolonged further liquidation." This judgment turned out, of course, to be ludicrously wrong; but on the other hand the Harvard Economic Society was far from being really bullish. Nor would Colonel Leonard P. Ayres of the Cleveland Trust Company get one of the leather medals. He almost qualified when, on October 15th, he delivered himself of the judgment that "there does not seem to be as yet much real evidence that the decline in stock prices is likely to forecast a serious recession in general business. Despite the slowing down in iron and steel production, in automobile output, and in building, the conditions which result in serious business depressions are not present." But the skies, as Colonel Ayres saw them, were at least partly cloudy. "It seems probable," he said, "that stocks have been passing not so much from the strong to the weak as from the smart to the dumb."

Professor Irving Fisher, however, was more optimistic. In the newspapers of October 17th he was reported as telling the Purchasing Agents Association that stock prices had reached "what looks like a permanently high plateau." He expected to see the stock market, within a few months, "a good deal higher than it is today." On the very eve of the panic of October 24th he was further quoted as expecting a recovery in prices. Only two days before the panic, the *Boston News Bureau* quoted R. W. McNeel, director of McNeel's Financial Service, as suspecting "that some pretty

intelligent people are now buying stocks." "Unless we are to have a panic—which no one seriously believes—stocks have hit bottom," said Mr. McNeel. And as for Charles E. Mitchell, chairman of the great National City Bank of New York, he continuously and enthusiastically radiated sunshine. Early in October Mr. Mitchell was positive that, despite the stock-market break, "The industrial situation of the United States is absolutely sound and our credit situation is in no way critical. . . . The interest given by the public to brokers' loans is always exaggerated," he added. "Altogether too much attention is paid to it." A few days later Mr. Mitchell spoke again: "Although in some cases speculation has gone too far in the United States, the markets generally are now in a healthy condition. The last six weeks have done an immense amount of good by shaking down prices. . . . The market values have a sound basis in the general prosperity of our country." Finally, on October 22nd, two days before the panic, he arrived in the United States from a short trip to Europe with these reassuring words: "I know of nothing fundamentally wrong with the stock market or with the underlying business and credit structure. . . . The public is suffering from 'brokers' loanitis.' "

Nor was Mr. Mitchell by any means alone in his opinions. To tell the truth, the chief difference between him and the rest of the financial community was that he made more noise. One of the most distinguished bankers in the United States, in closing a deal in the early autumn of 1929, said privately that he saw not a cloud in the sky. Habitual bulls like Arthur Cutten were, of course, insisting that they were "still bullish." And the general run of traders presumably endorsed the view attributed to "one large house" in mid-October in the *Boston News Bureau's* "Broad Street Gossip," that "the recent break makes a firm foundation for a big bull market in the last quarter of the year." There is no doubt that a great many speculators who had looked

upon the midsummer prices as too high were now deciding that deflation had been effected and were buying again. Presumably most financial opinion agreed also with the further statement which appeared in the "Broad Street Gossip" column on October 16th, that "business is now too big and diversified, and the country too rich, to be influenced by stock-market fluctuations"; and with the editorial opinion of the *News Bureau*, on October 19th, that "whatever recessions (in business) are noted, are those of the runner catching his breath. . . . The general condition is satisfactory and fundamentally sound."

The disaster which was impending was destined to be as bewildering and frightening to the rich and the powerful and the customarily sagacious as to the foolish and unwary holder of fifty shares of margin stock.

### § 3

The expected recovery in the stock market did not come. It seemed to be beginning on Tuesday, October 22nd, but the gains made during the day were largely lost during the last hour. And on Wednesday, the 23rd, there was a perfect Niagara of liquidation. The volume of trading was over six million shares, the tape was 104 minutes late when the three-o'clock gong ended trading for the day, and the *New York Times* averages for fifty leading railroad and industrial stocks lost 18.24 points—a loss which made the most abrupt declines in previous breaks look small. Everybody realized that an unprecedented number of margin calls must be on their way to insecurely margined traders, and that the situation at last was getting serious. But perhaps the turn would come tomorrow. Already the break had carried prices down a good deal farther than the previous breaks of the past two years. Surely it could not go on much longer.

The next day was Thursday, October 24th.

On that momentous day stocks opened moderately steady in price, but in enormous volume. Kennecott appeared on the tape in a block of 20,000 shares, General Motors in another of the same amount. Almost at once the ticker tape began to lag behind the trading on the floor. The pressure of selling orders was disconcertingly heavy. Prices were going down. . . . Presently they were going down with some rapidity. . . . Before the first hour of trading was over, it was already apparent that they were going down with an altogether unprecedented and amazing violence. In brokers' offices all over the country, tape-watchers looked at one another in astonishment and perplexity. Where on earth was this torrent of selling orders coming from?

The exact answer to this question will probably never be known. But it seems probable that the principal cause of the break in prices during that first hour on October 24th was not fear. Nor was it short selling. It was forced selling. It was the dumping on the market of hundreds of thousands of shares of stock held in the name of miserable traders whose margins were exhausted or about to be exhausted. The gigantic edifice of prices was honeycombed with speculative credit and was now breaking under its own weight.

Fear, however, did not long delay its coming. As the price structure crumbled there was a sudden stampede to get out from under. By eleven o'clock traders on the floor of the Stock Exchange were in a wild scramble to "sell at the market." Long before the lagging ticker could tell what was happening, word had gone out by telephone and telegraph that the bottom was dropping out of things, and the selling orders redoubled in volume. The leading stocks were going down two, three, and even five points between sales. Down, down, down. . . . Where were the bargain-hunters who were supposed to come to the rescue at times like this? Where were the investment trusts, which were expected to provide a cushion for the market by making new purchases

at low prices? Where were the big operators who had declared that they were still bullish? Where were the powerful bankers who were supposed to be able at any moment to support prices? There seemed to be no support whatever. Down, down, down. The roar of voices which rose from the floor of the Exchange had become a roar of panic.

United States Steel had opened at 205½. It crashed through 200 and presently was at 193½. General Electric, which only a few weeks before had been selling above 400, had opened this morning at 315—now it had slid to 283. Things were even worse with Radio: opening at 68¾, it had gone dismally down through the sixties and the fifties and forties to the abysmal price of 44½. And as for Montgomery Ward, vehicle of the hopes of thousands who saw the chain store as the harbinger of the new economic era, it had dropped headlong from 83 to 50. In the space of two short hours, dozens of stocks lost ground which it had required many months of the bull market to gain.

Even this sudden decline in values might not have been utterly terrifying if people could have known precisely what was happening at any moment. It is the unknown which causes real panic.

Suppose a man walked into a broker's branch office between twelve and one o'clock on October 24th to see how things were faring. First he glanced at the big board, covering one wall of the room, on which the day's prices for the leading stocks were supposed to be recorded. The LOW and LAST figures written there took his breath away, but soon he was aware that they were unreliable: even with the wildest scrambling, the boys who slapped into place the cards which recorded the last prices shown on the ticker could not keep up with the changes: they were too numerous and abrupt. He turned to the shining screen across which ran an uninterrupted procession of figures from the ticker. Ordinarily the practiced tape-watcher could tell from a moment's

glance at the screen how things were faring, even though the Exchange now omitted all but the final digit of each quotation. A glance at the board, if not his own memory, supplied the missing digits. But today, when he saw a run of symbols and figures like

R	WX
$6.5\frac{1}{2}.5.4.$	$9.8\frac{7}{8}\frac{3}{4}\frac{1}{2}\frac{1}{4}.8.7\frac{1}{2}.7.$

he could not be sure whether the price of "6" shown for Radio meant 66 or 56 or 46; whether Westinghouse was sliding from 189 to 187 or from 179 to 177. And presently he heard that the ticker was an hour and a half late; at one o'clock it was recording the prices of half-past eleven! All this that he saw was ancient history. What was happening on the floor now?

At ten-minute intervals the bond ticker over in the corner would hammer off a list of selected prices direct from the floor, and a broker's clerk would grab the uncoiling sheet of paper and shear it off with a pair of scissors and read the figures aloud in a mumbling expressionless monotone to the white-faced men who occupied every seat on the floor and stood packed at the rear of the room. The prices which he read out were *ten or a dozen or more points below those recorded on the ticker*. What about the stocks not included in that select list? There was no way of finding out. The telephone lines were clogged as inquiries and orders from all over the country converged upon the Stock Exchange. Once in a while a voice would come barking out of the broker's rear office where a frantic clerk was struggling for a telephone connection: "Steel at ninety-six!" Small comfort, however, to know what Steel was doing; the men outside were desperately involved in many another stock than Steel; they were almost completely in the dark, and their imaginations had free play. If they put in an order to buy or to sell, it was impossible to find out what became of it. The Ex-

change's whole system for the recording of current prices and for communicating orders was hopelessly unable to cope with the emergency, and the sequel was an epidemic of fright.

In that broker's office, as in hundreds of other offices from one end of the land to the other, one saw men looking defeat in the face. One of them was slowly walking up and down, mechanically tearing a piece of paper into tiny and still tinier fragments. Another was grinning shamefacedly, as a small boy giggles at a funeral. Another was abjectly beseeching a clerk for the latest news of American & Foreign Power. And still another was sitting motionless, as if stunned, his eyes fixed blindly upon the moving figures on the screen, those innocent-looking figures that meant the smash-up of the hopes of years. . . .

GL.

8.7.5.2.1.90.89.7.6.

AWW.

3.2½.2.

JMP.

6.5.3.2½.

A few minutes after noon, some of the more alert members of a crowd which had collected on the street outside the Stock Exchange, expecting they knew not what, recognized Charles E. Mitchell, erstwhile defender of the bull market, slipping quietly into the offices of J. P. Morgan & Company on the opposite corner. It was scarcely more than nine years since the House of Morgan had been pitted with the shrapnel-fire of the Wall Street explosion; now its occupants faced a different sort of calamity equally near at hand. Mr. Mitchell was followed shortly by Albert H. Wiggin, head of the Chase National Bank; William Potter, head of the Guaranty Trust Company; and Seward Prosser, head of the Bankers Trust Company. They had come to confer with Thomas W. Lamont of the Morgan firm. In the space of a few minutes these five men, with George F. Baker, Jr., of the First National Bank, agreed in behalf of their respective

institutions to put up forty millions apiece to shore up the stock market. The object of the two-hundred-and-forty-million-dollar pool thus formed, as explained subsequently by Mr. Lamont, was not to hold prices at any given level, but simply to make such purchases as were necessary to keep trading on an orderly basis. Their first action, they decided, would be to try to steady the prices of the leading securities which served as bell wethers for the list as a whole. It was a dangerous plan, for with hysteria spreading there was no telling what sort of *débâcle* might be impending. But this was no time for any action but the boldest.

The bankers separated. Mr. Lamont faced a gathering of reporters in the Morgan offices. His face was grave, but his words were soothing. His first sentence alone was one of the most remarkable understatements of all time. "There has been a little distress selling on the Stock Exchange," said he, "and we have held a meeting of the heads of several financial institutions to discuss the situation. We have found that there are no houses in difficulty and reports from brokers indicate that margins are being maintained satisfactorily." He went on to explain that what had happened was due to a "technical condition of the market" rather than to any fundamental cause.

As the news that the bankers were meeting circulated on the floor of the Exchange, prices began to steady. Soon a brisk rally set in. Steel jumped back to the level at which it had opened that morning. But the bankers had more to offer the dying bull market than a Morgan partner's best bedside manner.

At about half-past one o'clock Richard Whitney, vice-president of the Exchange, who usually acted as floor broker for the Morgan interests, went into the "Steel crowd" and put in a bid of 205—the price of the last previous sale—for 10,000 shares of Steel. He bought only 200 shares and left

the remainder of the order with the specialist. Mr. Whitney then went to various other points on the floor, and offered the price of the last previous sale for 10,000 shares of each of fifteen or twenty other stocks, reporting what was sold to him at that price and leaving the remainder of the order with the specialist. In short, within the space of a few minutes Mr. Whitney offered to purchase something in the neighborhood of twenty or thirty million dollars' worth of stock. Purchases of this magnitude are not undertaken by Tom, Dick, and Harry; it was clear that Mr. Whitney represented the bankers' pool.

The desperate remedy worked. The semblance of confidence returned. Prices held steady for a while; and though many of them slid off once more in the final hour, the net results for the day might well have been worse. Steel actually closed two points higher than on Wednesday, and the net losses of most of the other leading securities amounted to less than ten points apiece for the whole day's trading.

All the same, it had been a frightful day. At seven o'clock that night the tickers in a thousand brokers' offices were still chattering; not till after 7:08 did they finally record the last sale made on the floor at three o'clock. The volume of trading had set a new record—12,894,650 shares. ("The time may come when we shall see a five-million-share day," the wise men of the Street had been saying twenty months before!) Incredible rumors had spread wildly during the early afternoon—that eleven speculators had committed suicide, that the Buffalo and Chicago exchanges had been closed, that troops were guarding the New York Stock Exchange against an angry mob. The country had known the bitter taste of panic. And although the bankers' pool had prevented for the moment an utter collapse, there was no gain-saying the fact that the economic structure had cracked wide open.

## § 4

Things looked somewhat better on Friday and Saturday. Trading was still on an enormous scale, but prices for the most part held. At the very moment when the bankers' pool was cautiously disposing of as much as possible of the stock which it had accumulated on Thursday and was thus preparing for future emergencies, traders who had sold out higher up were coming back into the market again with new purchases, in the hope that the bottom had been reached. (Hadn't they often been told that "the time to buy is when things look blackest"?) The newspapers carried a very pretty series of reassuring statements from the occupants of the seats of the mighty; Herbert Hoover himself, in a White House statement, pointed out that "the fundamental business of the country, that is, production and distribution of commodities, is on a sound and prosperous basis." But toward the close of Saturday's session prices began to slip again. And on Monday the rout was under way once more.

The losses registered on Monday were terrific—17½ points for Steel, 47½ for General Electric, 36 for Allied Chemical, 34½ for Westinghouse, and so on down a long and dismal list. All Saturday afternoon and Saturday night and Sunday the brokers had been struggling to post their records and go over their customers' accounts and sent out calls for further margin, and another avalanche of forced selling resulted. The prices at which Mr. Whitney's purchases had steadied the leading stocks on Thursday were so readily broken through that it was immediately clear that the bankers' pool had made a strategic retreat. As a matter of fact, the brokers who represented the pool were having their hands full plugging up the "air-holes" in the list—in other words, buying stocks which were offered for sale without any bids at all in sight. Nothing more than this could

have been accomplished, even if it could have been wisely attempted. Even six great banks could hardly stem the flow of liquidation from the entire United States. They could only guide it a little, check it momentarily here and there.

Once more the ticker dropped ridiculously far behind, the lights in the brokers' offices and the banks burned till dawn, and the telegraph companies distributed thousands of margin calls and requests for more collateral to back up loans at the banks. Bankers, brokers, clerks, messengers were almost at the end of their strength; for days and nights they had been driving themselves to keep pace with the most terrific volume of business that had ever descended upon them. It did not seem as if they could stand it much longer. But the worst was still ahead. It came the next day, Tuesday, October 29th.

The big gong had hardly sounded in the great hall of the Exchange at ten o'clock Tuesday morning before the storm broke in full force. Huge blocks of stock were thrown upon the market for what they would bring. Five thousand shares, ten thousand shares appeared at a time on the laboring ticker at fearful recessions in price. Not only were innumerable small traders being sold out, but big ones, too, protagonists of the new economic era who a few weeks before had counted themselves millionaires. Again and again the specialist in a stock would find himself surrounded by brokers fighting to sell—and nobody at all even thinking of buying. To give one single example: during the bull market the common stock of the White Sewing Machine Company had gone as high as 48; on Monday, October 28th, it had closed at 11 1/8. On that black Tuesday, somebody—a clever messenger boy for the Exchange, it was rumored—had the bright idea of putting in an order to buy at 1—and in the temporarily complete absence of other bids he actually got his stock for a dollar a share! The scene on the floor was chaotic. Despite the jamming of the communication sys-

tem, orders to buy and sell—mostly to sell—came in faster than human beings could possibly handle them; it was on that day that an exhausted broker, at the close of the session, found a large waste-basket which he had stuffed with orders to be executed and had carefully set aside for safe-keeping—and then had completely forgotten. Within half an hour of the opening the volume of trading had passed three million shares, by twelve o'clock it had passed eight million, by half-past one it had passed twelve million, and when the closing gong brought the day's madness to an end the gigantic record of 16,410,030 shares had been set. Toward the close there was a rally, but by that time the average prices of fifty leading stocks, as compiled by the *New York Times*, had fallen nearly forty points. Meanwhile there was a near-panic in other markets—the foreign stock exchanges, the lesser American exchanges, the grain market.

So complete was the demoralization of the stock market and so exhausted were the brokers and their staffs and the Stock Exchange employees, that at noon that day, when the panic was at its worst, the Governing Committee met quietly to decide whether or not to close the Exchange. To quote from an address made some months later by Richard Whitney: "In order not to give occasion for alarming rumors, this meeting was not held in the Governing Committee Room, but in the office of the president of the Stock Clearing Corporation directly beneath the Stock Exchange floor. . . . The forty governors came to the meeting in groups of two and three as unobtrusively as possible. The office they met in was never designed for large meetings of this sort, with the result that most of the governors were compelled to stand, or to sit on tables. As the meeting progressed, panic was raging overhead on the floor. . . . The feeling of those present was revealed by their habit of continually lighting cigarettes, taking a puff or two, putting them out and light-

ing new ones—a practice which soon made the narrow room blue with smoke. . . .” Two of the Morgan partners were invited to the meeting and, attempting to slip into the building unnoticed so as not to start a new flock of rumors, were refused admittance by one of the guards and had to remain outside until rescued by a member of the Governing Committee. After some deliberation, the governors finally decided not to close the Exchange.

It was a critical day for the banks, that Tuesday the 29th. Many of the corporations which had so cheerfully loaned money to brokers through the banks in order to obtain interest at 8 or 9 per cent were now clamoring to have these loans called—and the banks were faced with a choice between taking over the loans themselves and running the risk of precipitating further ruin. It was no laughing matter to assume the responsibility of millions of dollars' worth of loans secured by collateral which by the end of the day might prove to have dropped to a fraction of its former value. That the call money rate never rose above 6 per cent that day, that a money panic was not added to the stock panic, and that several Wall Street institutions did not go down into immediate bankruptcy, was due largely to the nerve shown by a few bankers in stepping into the breach. The story is told of one banker who went grimly on authorizing the taking over of loan after loan until one of his subordinate officers came in with a white face and told him that the bank was insolvent. “I dare say,” said the banker, and went ahead unmoved. He knew that if he did not, more than one concern would face insolvency.

The next day—Wednesday, October 30th—the outlook suddenly and providentially brightened. The directors of the Steel Corporation had declared an extra dividend; the directors of the American Can Company had not only declared an extra dividend, but had raised the regular divi-

dend. There was another flood of reassuring statements—though by this time a cheerful statement from a financier fell upon somewhat skeptical ears. Julius Klein, Mr. Hoover's Assistant Secretary of Commerce, composed a rhapsody on continued prosperity. John J. Raskob declared that stocks were at bargain prices and that he and his friends were buying. John D. Rockefeller poured Standard Oil upon the waters: "Believing that fundamental conditions of the country are sound and that there is nothing in the business situation to warrant the destruction of values that has taken place on the exchanges during the past week, my son and I have for some days been purchasing sound common stocks." Better still, prices rose—steadily and buoyantly. Now at last the time had come when the strain on the Exchange could be relieved without causing undue alarm. At 1:40 o'clock Vice-President Whitney announced from the rostrum that the Exchange would not open until noon the following day and would remain closed all day Friday and Saturday—and to his immense relief the announcement was greeted, not with renewed panic, but with a cheer.

Throughout Thursday's short session the recovery continued. Prices gyrated wildly—for who could arrive at a reasonable idea of what a given stock was worth, now that all settled standards of value had been upset?—but the worst of the storm seemed to have blown over. The financial community breathed more easily; now they could have a chance to set their houses in order.

It was true that the worst of the panic was past. But not the worst prices. There was too much forced liquidation still to come as brokers' accounts were gradually straightened out, as banks called for more collateral, and terror was renewed. The next week, in a series of short sessions, the tide of prices receded once more—until at last on November 13th the bottom prices for the year 1929 were reached. Beside

the figures hung up in the sunny days of September they made a tragic showing:

	High price Sept. 3, 1929	Low price Nov. 13, 1929
American Can.....	181 $\frac{7}{8}$	86
American Telephone & Telegraph.....	304	197 $\frac{1}{4}$
Anaconda Copper.....	131 $\frac{1}{2}$	70
General Electric.....	396 $\frac{1}{4}$	168 $\frac{1}{8}$
General Motors.....	72 $\frac{3}{4}$	36
Montgomery Ward.....	137 $\frac{7}{8}$	49 $\frac{1}{4}$
New York Central.....	256 $\frac{3}{8}$	160
Radio .....	101	28
Union Carbide & Carbon.....	137 $\frac{7}{8}$	59
United States Steel.....	261 $\frac{3}{4}$	150
Westinghouse E. & M.....	289 $\frac{7}{8}$	102 $\frac{5}{8}$
Woolworth .....	100 $\frac{3}{8}$	52 $\frac{1}{4}$
Electric Bond & Share.....	186 $\frac{3}{4}$	50 $\frac{1}{4}$

The *New York Times* averages for fifty leading stocks had been almost cut in half, falling from a high of 311.90 in September to a low of 164.43 on November 13th; and the *Times* averages for twenty-five leading industrials had fared still worse, diving from 469.49 to 220.95.

The Big Bull Market was dead. Billions of dollars' worth of profits—and paper profits—had disappeared. The grocer, the window-cleaner, and the seamstress had lost their capital. In every town there were families which had suddenly dropped from showy affluence into debt. Investors who had dreamed of retiring to live on their fortunes now found themselves back once more at the very beginning of the long road to riches. Day by day the newspapers printed the grim reports of suicides.

Coolidge-Hoover Prosperity was not yet dead, but it was dying. Under the impact of the shock of panic, a multitude of ills which hitherto had passed unnoticed or had been offset by stock-market optimism began to beset the body economic, as poisons seep through the human system when a

vital organ has ceased to function normally. Although the liquidation of nearly three billion dollars of brokers' loans contracted credit, and the Reserve Banks lowered the rediscount rate, and the way in which the larger banks and corporations of the country had survived the emergency without a single failure of large proportions offered real encouragement, nevertheless the poisons were there: overproduction of capital; overambitious expansion of business concerns; overproduction of commodities under the stimulus of installment buying and buying with stock-market profits; the maintenance of an artificial price level for many commodities; the depressed condition of European trade. No matter how many soothsayers of high finance proclaimed that all was well, no matter how earnestly the President set to work to repair the damage with soft words and White House conferences, a major depression was inevitably under way.

Nor was that all. Prosperity is more than an economic condition; it is a state of mind. The Big Bull Market had been more than the climax of a business cycle; it had been the climax of a cycle in American mass thinking and mass emotion. There was hardly a man or woman in the country whose attitude toward life had not been affected by it in some degree and was not now affected by the sudden and brutal shattering of hope. With the Big Bull Market gone and prosperity going, Americans were soon to find themselves living in an altered world which called for new adjustments, new ideas, new habits of thought, and a new order of values. The psychological climate was changing; the ever-shifting currents of American life were turning into new channels.

The Post-war Decade had come to its close. An era had ended.