"This Was Real Panic"

Wall Street Crashes

Jonathan Norton Leonard

The U.S. economy expanded greatly in the 1920s, during which the gross national product increased by 40 percent. But as production and employment slowed in the late 1920s, the stock market continued to rise—fueled by speculators hoping to make enormous profits with little investment of real capital. On "Black Tuesday"—October 29, 1929—the market finally crashed, ushering in the Great Depression. Jonathan Norton Leonard, a journalist, witnessed the panic on Wall Street that led to its collapse.

That night [Monday, October 28] Wall Street was lit up like a Christmas tree. Restaurants, barber shops, and speakeasies were open and doing a roaring business. Messenger boys and runners raced through the streets whooping and singing at the top of their lungs. Slum children invaded the district to play with balls of ticker tape. Well-dressed gentlemen fell asleep in lunch counters. All the downtown hotels, rooming houses, even flophouses were full of financial employees who usually slept in the Bronx. It was probably Wall Street's worst night. Not only had the day been bad, but everybody down to the youngest office boy had a pretty good idea of what was going to happen tomorrow.

The morning papers were black with the story of the Monday smash. Except for rather feeble hopes that the great banks would step into the gap, they had no heart for cheerful headlines. In the inside pages, however, the sunshine chorus continued as merry as ever. Bankers said that heavy buying had been sighted on the horizon. Brokers were loud with "technical" reasons why the decline could not continue.

It wasn't only the financial bigwigs who spoke up. Even the outriders of the New Era [a theory that business would enjoy permanent growth] felt that if everybody pretended to be happy, their phoney smiles would blow the trouble away. [New York Mayor] Jimmy Walker, for example, asked the movie houses to show only cheerful pictures. *True Story Magazine*, currently suffering from delusions of grandeur, ran full-page advertisements in many papers urging all wage earners to buy luxuries on credit. That would fix things right up. McGraw-Hill Company, another publishing house with boom-time megalomania, told the public to avert its eyes from the obscene spectacle in Wall Street. What they did not observe would not affect their state of mind, and good times could continue as before.

These noble but childish dabbles in mass psychology failed as utterly as might have been expected. Even the more substantial contributions of U.S. Steel and American Can in the shape of $1 extra dividends had the same fate. Ordinarily such action would have sent the respective stocks shooting upward, but in the present mood of the public it created not the slightest ripple of interest. Steel and Can plunged down as steeply as if they had canceled their dividends entirely.