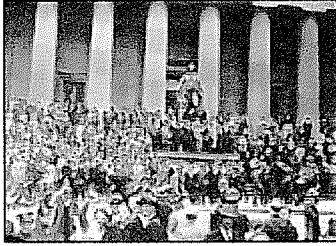


## Black Thursday



Black Thursday, October 24, 1929, was the first day of real panic during the stock market crash of 1929. It initiated a series of stock market panics, the most dramatic of which was on October 29, when the losses on the stock market plunged the country into a deep depression.

After experiencing tremendous growth in the 1920s, the stock market began to be sluggish in September and early October 1929 as trading slowed ominously. On October 18, stock prices fell precipitately, which alarmed many investors although overall confidence in the market remained high.

On the morning of Thursday, October 24, however, nervous investors began selling their stocks off quickly, thus triggering a further fall in stock prices that sent the stock market heading for a crash. The day quickly became known as Black Thursday and marked the first day of real panic regarding the soundness of the market. A record 12,894,650 shares of stock were traded as many investors tried to unload their stock—regardless of the price—in an attempt to cut their losses. The stock market was saved from crashing, however, when many major banks and investment companies bought large blocks of stock and successfully stemmed the panic.

The following Monday, the panic began again, and on the day after that (Black Tuesday), prices on the stock market collapsed completely after 16 million shares were traded. Although the stock market crash of 1929 did not alone cause the **Great Depression**, a 10-year economic downturn that affected all western industrialized nations, it definitely contributed to it.

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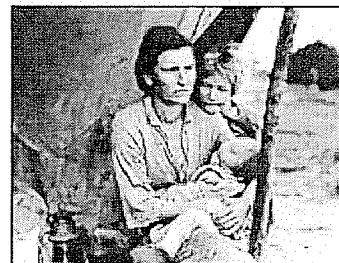
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## Great Depression

The Great Depression was a global economic crisis that started in 1929. The crisis devastated the economies of many nations and led to a period of financial hardship for millions of people.

In the history of the United States, no other depression had had such a devastating impact on U.S. society. During the 12 years of the depression, one-quarter of the work force was unemployed, 5,500 banks closed, and 32,000 businesses went bankrupt.



Although the crash of the New York Stock Exchange on October 29, 1929 was a symptom rather than a cause of the depression, it has been blamed as the catalyst. The depression in fact resulted from an overextension of credit and spending in the 1920s. Nonetheless, the stock market crash dramatically shook public confidence in the U.S. economy.

The crash also brought an end to the loans that the United States had extended to European countries, which were still recovering from World War I. Europe slipped further into decline and lost any economic gains made in the 10 years since the end of the war.

The economies of many Latin American and Asian countries, organized around the export of primary products to the industrial markets of the North Atlantic world, quickly collapsed in response to the loss of their markets. The global crisis was exacerbated by the tendency of most nations to erect tariff barriers in an attempt to protect domestic economies. As international trade ground to a halt, there was no way to alleviate the situation.

The Great Depression produced political crises in many of the nations that were hardest hit. In Latin America, for example, several governments fell between 1929 and 1931; democracies were replaced by authoritarian regimes, and dictatorships were overthrown by democratic forces. In Europe, the hardships of the depression inspired a variety of extremist political groups. The desperate economic situation of the German Weimar Republic was an important condition for the rise of fascism in the later 1930s.

In the United States, threats to the stability of the U.S. government and economy were dispelled by the "New Deal" programs devised by the administration of President Franklin D. Roosevelt.

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## Farmers: Depressed since the 1920s (Overview)

As tractors and machinery came to farms, the need for labor dropped. Agriculture turned to agribusiness. Investors bought two or more farms and combined them into a single unit. Consolidation of farms pushed indebted families off the land. Throughout the early decades of the 20th century, displaced farm families migrated to urban areas to look for work.

### After the Great War

During World War I, U.S. farms had produced food for Europe and the United States. Farmers felt pride in their ability to feed a hungry world. Prices for their crops were high enough to pay the cost of production—and show some profit as well. After the war, European farms returned to production. Now there was an oversupply of grain, and prices plummeted.

Some farmers, believing that prices must rise again, took out loans to continue operating. When they could not pay the loans, they lost their farms. As farmers suffered during the 1920s, so did rural communities. In 1928, as the rest of the country basked in prosperity, 549 rural banks failed.

### Into the Depression

The already depressed farm economy got even worse after the 1929 stock market crash. Gross income from farming fell from \$13.9 million in 1929 to \$6.4 million in 1932. By 1934, banks or government agencies owned about 30% of the farmland in the West and Midwest.

Farmers could not pay mortgages and were forced off their land. With no place to live and no jobs in the cities, they wandered across the country in company with other homeless nomads. Some camped in Hoovervilles, the tent and cardboard camps of homeless people that sprang up at the edges of cities.

### The Dust Bowl and the Okies

During the early 1930s, drought settled over the Dakotas, Montana, Oklahoma, and parts of Kansas, Colorado, and Texas. For generations, farmers had broken up the sod and plowed and planted the prairies. Now the dry earth and wind combined to create black blizzards. Clouds of blowing dust darkened the skies at midday and piled up in drifts alongside the roads. As winds rocked farm homes, dust blew through and covered everything and everyone in fine, gritty layers. No crops grew, and no harvest meant no money and no farm.

By 1934, caravans of newly landless farm families headed west. They hoped to find work picking fruit in California. Derisively called "Okies," they found scant welcome in the Golden State. Agricultural labor was plentiful, but work was scarce as displaced Dust Bowl families competed with sharecroppers evicted from southern farms and California residents.

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#### CITATION: MLA STYLE

"Farmers: Depressed since the 1920s (Overview)." [American History](http://www.americanhistory.abc-clio.com). 2008. ABC-CLIO. 29 Feb. 2008.  
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