

For the Eyes of the Secretary of State Only



**Front Page of *London Herald*, London England,
Immediately After Stock Market Crash: Friday October 25,
1929.**

Wall Street Crash!

Black Thursday in America

Stocks Plunge and Eleven Commit Suicide

Panic selling hit the New York Stock Market yesterday as nearly 13 million shares changed hands in just one day.

Massive sales in the early morning created an extraordinary atmosphere of chaos and panic. Brokers flooded the market with orders from their investors to sell at any price.

As the situation reached crisis level, the market broke down entirely as the sea of brokers clamoured madly for non-existent buyers. Stocks were traded for any price and the value of some companies halved during the course of the morning.

The huge early morning sales followed a week of uncertainty on Wall street and the bottom finally dropped out of the market at 11:30 a.m., when the ticker tape was no longer able to keep up with the sheer volume of activity.

Crisis Meeting

A crisis meeting of New York's leading bankers was held in the offices of JP Morgan & Co and prices recovered slightly in the afternoon on the assurance from the firm's senior partner, Thomas W. Lamont, that the problems were 'technical rather than fundamental'. With masterly understatement. Mr. Lamont admitted that: "there has been a little distress selling on the Stock Exchange' but the most influential financiers in New York concluded that the market was essentially safe and was simply readjusting after four strong years of growth.

In an attempt to defuse the crisis, the Treasury in Washington also issued a statement to the effect that general business was still fundamentally sound and that the vast losses affected mainly paper profits only. The reassuring nature of the statement was, however, undermined by intimations from Treasury officials that proposals to cut taxes next year would be abandoned unless the Stock Exchange rallied.

Riots

Despite the rallying round of the great and good, the day's activities saw thousands of businessmen ruined and police riot squads were forced to enter Wall Street to disperse the crowds of hysterical bankers and investors. The late recovery in some prices was not sufficient for many of those bankrupted by what is already being called the Wall Street Crash. Eleven speculators were believed to have committed suicide.

What Went Wrong?

The initial massive sale of stocks began when it became clear that a downturn in some major industries was expected, mainly because of overproduction in the very competitive automobile industry.

Once the panic began, the situation simply grew out of control as nervous investors all tried to shed their plummeting stocks at the same time.

Chaos

The all-consuming chaos was, in part, blamed by bankers on the inadequacy of the old ticker-tape systems in processing such enormous volumes of trade. By the end of the trading day, the ticker recording Stock Exchange transactions was over four hours behind the trading which had taken place. Telephone facilities were also totally deficient during the crisis, not only in Wall Street but also throughout the City of New York. The system almost ground to a halt at times as it seemed as if every inhabitant of New York was trying to call the financial district with instructions to sell.

Speculators

Since the end of the depression of the early 1920's, new speculators have flooded into the bull markets and stocks have quadrupled in value over four years, often bought on credit, rather than with cash. Thousands of these risk takers have had their fingers very badly burned by Black Thursday.

Top Secret

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