This Day in History… October 29, 1929

Black Tuesday Stock Market Crash

Stamp from the Celebrate the Century Series

On October 29, 1929, the worst stock market crash in history occurred, marking the start of the decade-long Great Depression.

The early 1920s was a time of great economic prosperity for America. Industry was booming, and Americans wanted to be a part of this economic surge. To accomplish this, they bought common stock on the open market, often borrowing money to do so.

Issued for the 200th anniversary of the New York Stock Exchange.

Wealthy American businessmen increased their wealth by investing in the stock market rather than putting profits back into their industries. As a result, job growth was minimal, the gap between the rich and poor grew, and stocks were priced artificially high.

This National Recovery Act stamp was produced and placed on sale in just 13 days.

The average cost of each share more than doubled between 1925 and 1929, and market speculation increased. People purchased stock in hope of future price increases. The first clue that the market was overloaded came on October 24, 1929, now known as "Black Thursday." Prices began to enter a slump, and investors became suspicious of a panic.

Prices held Friday and Saturday, but fell again Monday. Then on Tuesday, October 29th, the day of the stock market crash, more than 16 million shares changed hands. Investors sold stock at far less than they had paid. Some witnesses said that shares might have even been given away.

The Civilian Conservation Corps employed over 3 million men who improved national and local parks.

It was almost impossible to add up all the losses, as stunned brokers watched stock prices plummet. In fact, stocks were traded so fast that by the time the final bell sounded at three o'clock, the ticker was four hours behind. By the end of the day, trading had stabilized, but not in time to save billions of dollars. That day became known as "Black Tuesday." Stock values would continue to fall steadily for the next three years. Fortunes were lost overnight, and many banks closed their doors forever.

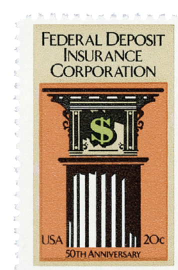
Celebrate the Century stamp features the logos of some of FDRs New Deal programs.

Meanwhile, President Herbert Hoover who'd taken office earlier that year, had predicted a possible economic downturn years earlier when he was secretary of Commerce. He'd hoped that communities could save themselves without government intervention. He even met with business leaders to encourage them not to lower workers' wages. But over the coming months, they laid off workers instead as the economy continued to suffer.

The Tennessee Valley Authority created jobs and delivered electricity to people in six states.

In February 1930, Hoover announced the worst of the depression was over. He was wrong. Unemployment increased dramatically, leaving people unable to pay their mortgages, becoming homeless. To aid European nations still recovering from World War I, Hoover suspended their payments of war debts, which brought even less money into the US to help those in need.

Hoover didn't want to use federal money for social welfare programs and soon many blamed him for the state America was in. He lost his bid for re-election to Franklin Delano Roosevelt who promised Americans a "New Deal."



Stamp issued for the 50th anniversary of the FDIC.

One of Roosevelt's first moves as president was convincing Congress to pass his National Industrial Recovery Act. Roosevelt and his advisors blamed part of the cause of the Depression on unrestrained competition. The legislation authorized FDR to regulate industry in order to raise prices after severe deflation and stimulate the economy. Leading businessmen and trade associations were called upon to draft the specifics of the plan, which focused on fair trade and labor practices. A second title in the act established the Public Works Administration, outlining the public works the bill would fund. In 1935, the act was found to be unconstitutional by a unanimous Supreme Court decision. The Works Progress Administration ultimately replaced this.

The sudden closing of banks during the Great Depression left many people penniless, and those who did have money were hesitant to deposit it in banks for fear of losing their assets. Created as a result of the Banking Act of 1933, the Federal Deposit Insurance Corporation (FDIC) attempted to renew confidence in banks by insuring money deposited in member banks, up to $5,000 per account.

Roosevelt's New Deal would make great progress toward rebuilding the economy. By the early 1940s, America had largely recovered from the Depression and programs such as the Works Progress Administration had employed some 8.5 million people.

Mystic Stamp Company • Camden, NY 13316

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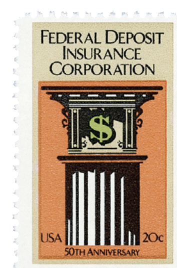

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