

Market Crash of 1929 Compared With Current Wall Street Decline

Editor's note: Elmer C. Walzer, former financial editor of United Press International, covered the 1929 stock market crash and the events leading up to the panic selling and collapse. In the following dispatch he compares the 1929 market and the current wave of buying and selling that has hit Wall Street.

By ELMER C. WALZER
UPI Correspondent

The 1929 stock market break has a number of earmarks of the crash of 1929 with the ones that hurt the most in the minority.

There have been the late tapers, big volume, sharp declines, a roaring recovery, statements by government officials to allay fears on the

state of the economy, a move to investigate the causes of selling and talk of new controls.

Here is the 1929 performance:

Prices declined from the record high in the Dow-Jones industrial average set last December at 734.91 to 603.96 at the close Tuesday. That is a decline of 130 points or 17.8 per cent. We had similar declines in 1933, 1937, and 1960.

Here is the much swifter 1929 performance:

Prices reached a record high in the industrial average on Sept. 3, 1929, at 381.17. By October 29, they had fallen to 230.07. That drop amounted to 151.10 points or 39.6 per cent.

In the six sessions ending last Monday the average lost 73.77 points. The Tuesday recovery restored 27.03 points and cut the loss to 46.74 points.

In six sessions ending Oct. 29, 1929, the average fell 96.44 points, the record decline. Recoveries on Oct. 30 and 31 brought the average back by 43.44 points, cutting the decline to 53 points.

Figures Misleading
Volume is where the figures are misleading. On Tuesday, sales reached 14,750,000 shares, second highest in history. The largest was on Oct. 29, 1929, when turnover was 16,410,030 shares.

Today's market is seven times bigger than that of 1929 on the basis of shares listed. There are more than seven

billions shares listed, against one billion in 1929. Hence, to duplicate the big 1929 day, sales would have to reach 112 million shares.

So far the old records on volume still stand—biggest day, Oct. 29, 1929; biggest month, October 1929; biggest year, 1929.

The 1929 volume of more than a billion shares represented a turnover of all shares listed of 119 per cent. So far this year the turnover amounts to about 15 per cent of the shares listed.

The market of 1929 kept right on declining after the October break. By July 8, 1932, the industrial average was down to a mere 41.22 that represented a loss of 339.95 points or 89 per cent. Dollar shrinkage by actual calculation amounted to \$74 billion.

Depression Forecast
The 1929 market break forecast a giant business depression that was to last until World War II started in Europe in 1939.

Now the market experts are wondering if our present market is forecasting a recession or depression. Markets have a tendency to forecast the future since they are subject to the opinions of millions of minds, many highly informed.

Market declines or advances occur without the forecasting quality from time to time. Take the drops of the day former President Dwight D. Eisenhower suffered his heart attack, our entry into the Second World War, and the outbreak of the Korean War as examples.

The fact that this market had a rousing recovery on Tuesday does not preclude a resumption of the decline. Back in 1929, the industrial average lost 38.33 points on Oct. 28 and 30.17 points on the 29th. It rallied 28.40 points on the 30th and another 15.04 points on the 31st.

On Monday of this week the average fell 34.95 points, second largest day's loss and came back 27.03 points on Tuesday.

Speculation Ran Wild
This market was supposed to be grounded on investment and not speculation. However, speculation ran wild some time ago, especially in the so-called glamor issues such as the electronics.

There are millions of shares locked in by high capital against taxes and millions more held by institutions which are not easily frightened into selling. Mutual funds hold \$23 billion of stocks. These holdings are supposed to be stabilizers, but recent markets have convinced the experts this is not so.

Searching for reasons for the recent decline is as difficult as it was in 1929. Then as now prices were high in relation to earnings and yields. Then the market clearly predicted the great depression. Now the problem as yet unsolved is whether or not a similar prediction is in the making.

Today's market operator is more sophisticated than the one of 1929. He isn't the type that will kick the wooden ticker pedestals if he loses some money. He knows what markets can do and he is a good judge of values.

Can't Prevent Fluctuations
Today the Securities and Exchange Commission is supposed to keep trading honest, but it cannot prevent market fluctuations. The Federal Reserve System controls margins and other credit. But high margins do not seem to check speculation.

been a problem of big markets. Back on Oct. 24, 1929, sales totaled 12,985,000 shares. Tickers ran until 7:06 p.m.,

four hours and six minutes after the official market close, then at 3 p.m. On Oct. 29, 1929, the sales were bunched

in large blocks and despite the plus 16 million shares, the tape caught up at 5:29 p.m. Tuesday's market saw the

tape more than four and a half hours late at the end of the day.

One thing is sure—the market has been severely hurt by the break. How long it will take to regenerate is the unsolved problem.

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NATIVES WATCH—Thai Buddhist priests, Infantry lands on Friendship Highway near clutching their food bags and their umbrel- the 27th Command post at Korat, Thailand, las, used to shade them from the hot sun. The Highway is used as a light airstrip, and inclement rainfall, watch as a U. S. Army L19 observation plane of the 24th

An Eerie Similarity

Congressmen With Little in Common Display Extrasensory Perception

By DICK WEST

Washington - (UPI) - Rep. Elizabeth Kee is a woman. Rep. J. Floyd Breeding is a man. Rep. Kee comes from West Virginia. Rep. Breeding hails from Kansas. Rep. Breeding is a member of the House Agriculture Committee.

Rep. Kee graces the committees on government operations and veterans affairs.

Apart from the fact that both are Democrats, they wouldn't appear to have a great deal in common. But on some matters, their thinking is amazingly similar.

Recently, both committed to paper their thoughts on the Alliance for Progress program, which the House Foreign Affairs Committee voted to cut by \$600 million.

Through extrasensory per-

ception, or some such phenomenon, their thought waves began to travel in the same channel, and at some points merged into a single beam.

Many congressmen, of course, have brains that are powerful enough to transmit thoughts from one room to another, if the wall isn't too thick or if the door is left ajar.

But the offices of Rep. Breeding and Rep. Kee are located in different buildings, separated by a wide thoroughfare. That their thought waves were able to travel such a distance is downright uncanny.

"It seems to me that the action of the committee emphasizes a growing dissatisfaction, not so much with the idea behind the Alliance for Progress, but with the reluctance of some Latin American governments to make the economic and fiscal reforms which are so urgently needed," wrote Rep. Breeding.

"It seems to me that the action of the committee, which undoubtedly will be

upheld by the House, displays a growing dissatisfaction not so much with the idea behind the Alliance for Progress program, but with the reluctance of some Latin American nations to make the economic and fiscal reforms which are so urgently needed to raise the standard of living of the people," wrote Rep. Kee.

This eerie similarity continued throughout the entire statements which the two lawmakers prepared for mailing to their constituents.

There may be some other explanation, but on the surface it appears that Breeding and Mrs. Kee have telepathic powers beyond the range of other mortals and members of Congress. If they weren't so busy legislating, they perhaps could make a fortune holding séances.

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