



October Echoes

The 1929 Wall Street Crash in Iowa

by Lisa L. Ossian



The Wolf of Wall Street only played for a Friday and Saturday night—October 11 and 12, 1929—at the Iowa Theatre on Winterset’s town square, but the movie certainly advertised itself well. The ad in the local newspaper menaced, “A story of terrific power! Watch out Wolf, you know how to handle men, but you’re not so clever with women. Smashing! Tearing! Ruthlessly crashing to wealth and power. Wall Street lived by men who battle there. The great money mart has a corner on the thrill market.”

Two weeks later, Iowa heard the echoes of something else “ruthlessly crashing”—the stock market in New York.



Friday-Saturday at Iowa Theatre

**GEORGE
BANCROFT**

**'THE WOLF OF
WALL STREET'**

BY
BACLANDON · ERIC CARROLL
PAUL LUTAS

A Paramount Picture



A story of terrific power! Watch out Wolf, you know how to handle men, but you're not so clever with women. Smashing! Tearing! Ruthlessly crashing to wealth and power. Wall Street lived by men who battle there. The great money mart has a corner on the thrill market. George Bancroft in one of the greatest roles of his career supported by a superfine cast. Also Lupino Lane comedy, "GOOD NIGHT NURSE". Prices 16 and 26c.

ANOTHER ENDURANCE PLANE THAT SUCCESSFULLY
REFUELS IN MID-AIR



DES MOINES REGISTER, JAN. 3, 1929



Many Americans considered the 1920s not only as the Roaring Twenties but as a "New Era" of confidence and endless optimism. The three Republican presidents, especially Coolidge, had supported business expansion throughout the decade, and in 1929 the "Coolidge Market" appeared to be moving seamlessly into a "Hoover Market." Early that year, Ohio State University economist Charles A. Dice published *New Levels in the Stock Market*, and, in words that would later haunt his career, described a "mighty revolution" occurring in industry, trade, and finance. Dice called this new prosperity "The Stock Market Extraordinary." The sky appeared to be the limit.

The New Era did appear to be a remarkable decade of unbelievable prosperity, as the United States emerged as the richest nation in the world following the Great War. By the late 1920s, the New York Stock Exchange had captured London's role as center of the economic world, and Wall Street experienced its first eight-million-share day in 1929. During the 1920s, Americans played the stock market as the newest version of the get-rich-quick game.

Not everyone shared in this new prosperity. Midwestern farmers had suffered through a decade of agricultural depression resulting from overproduction, land speculation, and other factors after the Great War. In 1918-1919, American farmers' share of the national income was 25 percent; in 1929 it was less than 11 percent. Still, there were some signs of recovery late in the decade, and farmers were becoming more optimistic that they would eventually share in this new urban prosperity.

In Iowa's business world, 1929 appeared to be a reasonably good year. Buying power showed gains, and state bank deposits increased \$2 million from June to October. Deposits were up and bankruptcies were down—at the lowest point in seven years, in fact, with only 169 business failures in Iowa during the first ten months of 1929. The Maytag Company in Newton, a national success story, had set new sales records for its washing machines for each successive month in 1929.

Des Moines, as Iowa's largest city, displayed a significant and further emerging industrial sector of 400 factories employing 13,000 people (10 to 15 percent more than in 1928) and a payroll of \$18 million. Industrial production in Des Moines amounted to \$120 million. In fact, 24 manufacturing and distributing organizations had opened in recent months. Conventions in the capital city were expected to attract some 50,000 people that year, and a hundred

conventions were already booked for 1930.

By 1929, Iowa ranked fourth in automobile ownership (only Texas, Ohio, and Illinois residents owned more automobiles, trucks, and tractors) and spent \$3 million on highway paving, resurfacing nearly 2,500 miles. Iowa even had its fair share of wealthy people: 85 millionaires and 196 "half-millionaires." Increased wealth meant more taxes; in 1929 Iowans paid nearly \$14 million in federal taxes, the largest increase since 1920. Taxes aside, the future of Iowa business appeared promising for the new decade.

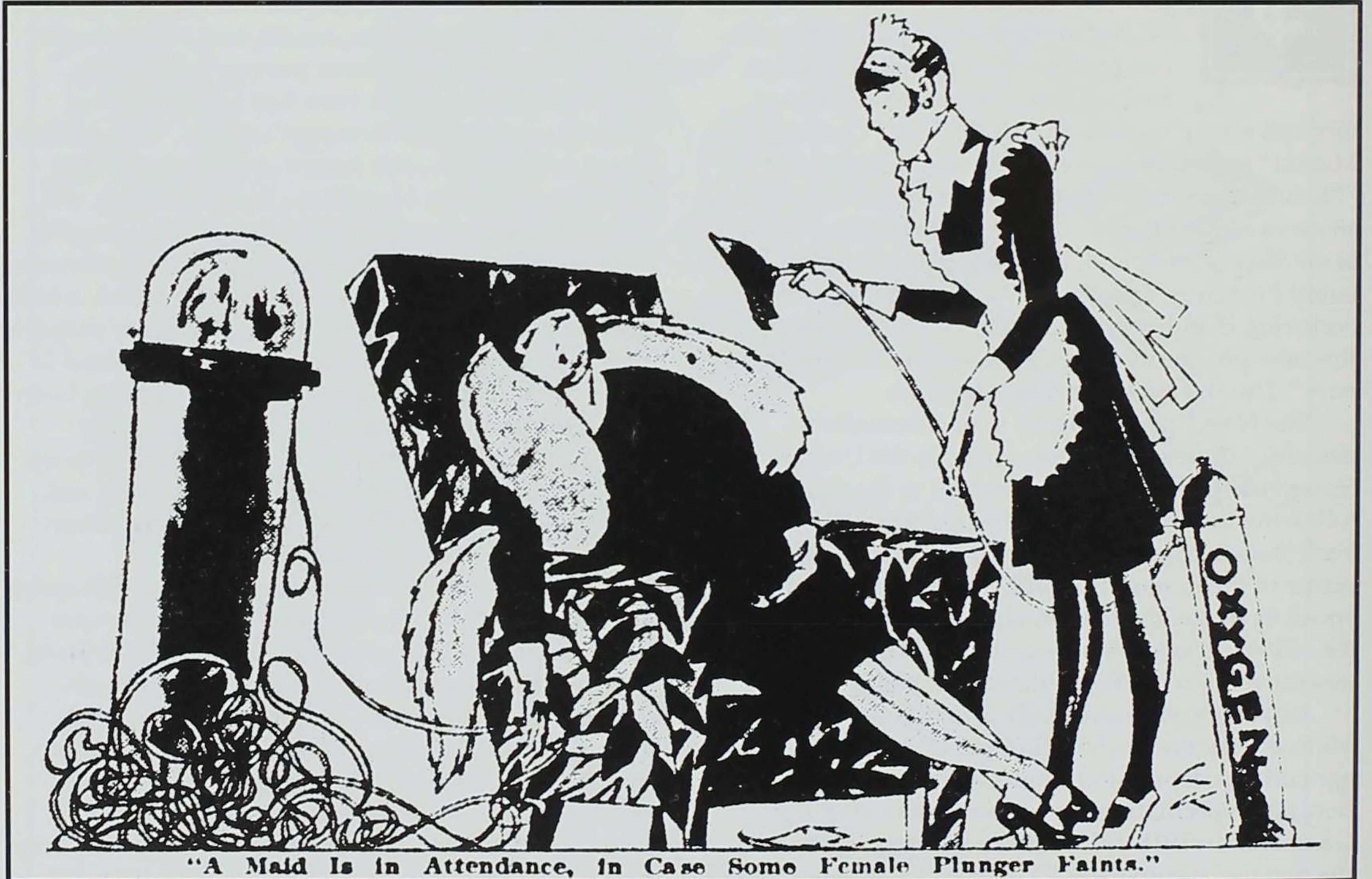
Especially promising was the stock market, which steadily drew new investors to the possibility of quick profits. Americans had become more accustomed to paper investments through the wartime Liberty Loan Drives. Furthermore, investors across the nation enjoyed improved communications and access to the East Coast business world, as telephone, radio, and stock tickers linked brokerage houses to Wall Street and its bullish stock market.

Despite the endless optimism of the get-rich-quick tales of the 1929 bull market, most Americans were not really involved or interested in far-off Wall Street, as economist John Kenneth Galbraith states in his classic history, *The Great Crash, 1929*: "To the great majority of workers, farmers, white-collar workers, indeed to the great majority of all Americans, the stock market was a remote and vaguely ominous thing." Out of the U.S. population of 120 million, only 1½ million Americans were thought to be invested and actively interested in the bull market. But the lure of easy money was strong, and as Iowa congressman Cyrenus Cole wrote years later, "Like sheep over a fence, the people leaped into the stock market."



Twenty percent of America's investing public were women—humorist Will Rogers called them "Ladybulls"—and women held considerable clout in some of America's largest corporations. In American Telephone and Telegraph, for example, 250,000 women held 55 percent of the shares; in General Motors, women composed nearly 40 percent of the shareholders, with almost 4 million shares. Women investors spoke the jargon and kept their own shrewd eye on the ticker tape. Membership of the Iowa Business and Professional Women had jumped 25 percent in only two years. Priscilla Wayne, representing its 2,000-plus members, believed women could be every bit as aggressive and ruthless as men in business: "For

WHEN WOMEN PLAY IN STOCKS



"A Maid Is in Attendance, in Case Some Female Plunger Faints."

every tight-fisted, hard-hearted selfish, scheming male grafter the feminine counterpart may be found." Mina M. Bruere, president of the National Association of Bank Women, put it more succinctly: "There is no sex in finance."

"Every day in the week in Des Moines a small group of women sit in the smoke filled rooms in local offices watching the figures on the board and on the tickers," Agnes Arney reported in the *Des Moines Register*. "Such a sight twenty years ago would have shocked every business man." Some male brokers credited women with more common sense than men and with the ability to take losses "like a man." In Des Moines broker J. T. Harper's opinion, Arney reported, "women are slower to make up their minds about buying and demand more information than men but stick to their decisions when they are made." Others, however, characterized women investors as "hard losers and naggers," and advised women to stay out of the stock market altogether. When young Des Moines stenographers were overheard comparing

stock market earnings and losses, local male financial circles joked that New York had "spread its contagion this far." Some brokerage managers believed women asked too many questions and were too emotional for the stock market business. Other men thought women should just go back to their bridge tables.



But if women were at their bridge tables, chances were good that many were talking about stocks, for the bull market was the focus of many American conversations in the late 1920s.

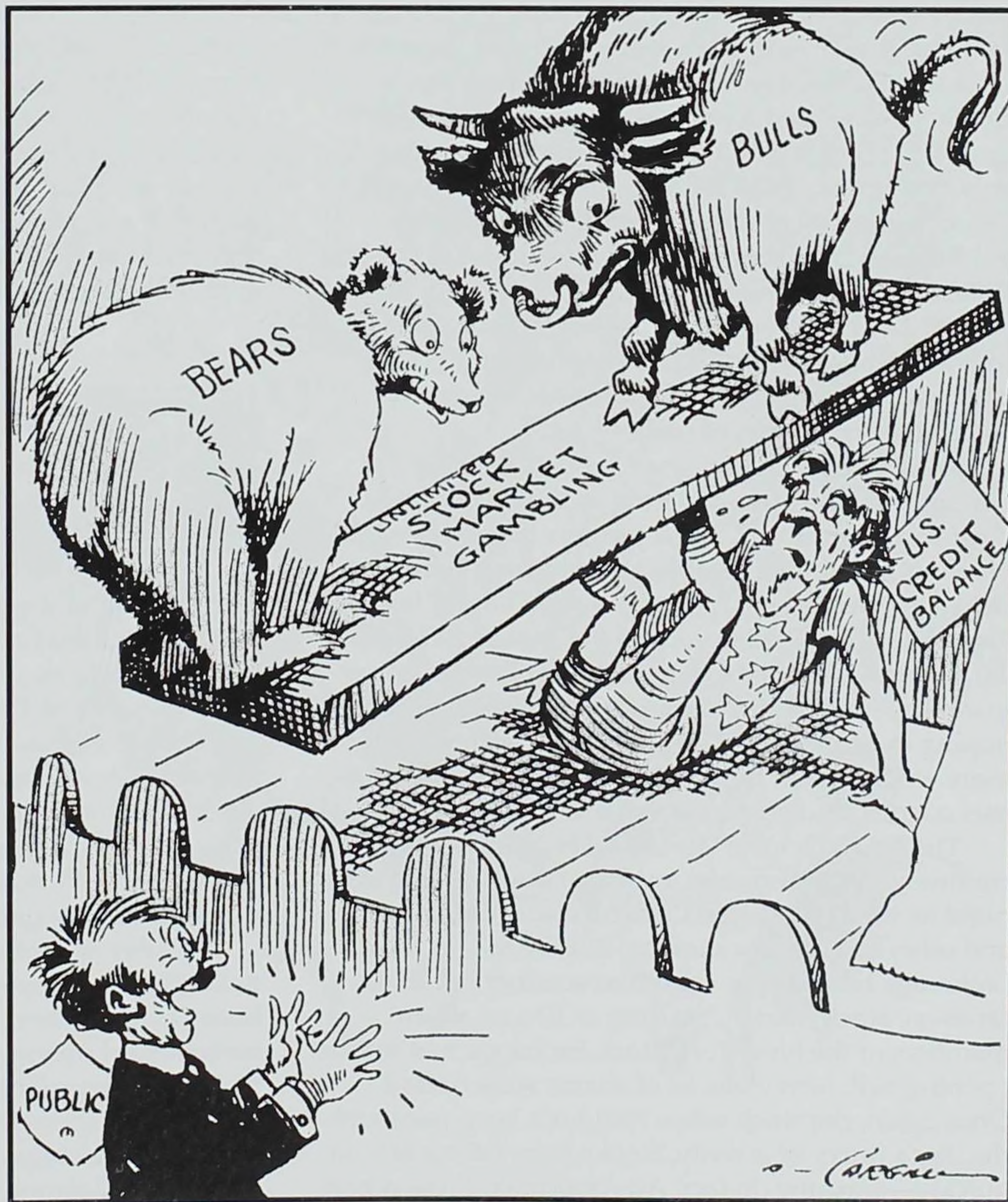
With market shares often overinflated and purchased on margin or credit, continued confidence in the market was essential, or the whole structure would topple over. Even when the market seemed unstable, the "buy-now, pay-later" attitude of America's new consumer economy enticed many into buying stock, sometimes through broker's loans or deferred payments.

An Iowa-Nebraska Light and Power Company advertisement in a Clarinda newspaper, for example, offered deferred payments for purchasing \$100 shares of 6 percent prior preferred stock in the United Light and Railways Company, "an excellent way to save money." An advertisement in the *Davenport Democrat* announced that Cities Service stockholders could purchase more stock "for cash or on the Doherty Partial Payment plan." Cities Service Company was a prominent example of recent "empire-building . . . in the rapidly growing electric power and light industry," according to historian Robert T. Patterson. It controlled more than 90 utility subsidiaries and 50 oil and gas subsidiaries. A favored stock on the smaller New York Curb Exchange (now the American Stock Exchange), Cities Service sometimes traded in higher volumes than the leader on the New York Stock Exchange, according to historian Barrie A. Wigmore. Many Cities Service stockholders in Iowa would later regret Cities Service's deferred payment option.

American investors, small and large, nervously watched the market—and, more specifically, the stock ticker in brokers' offices across the nation. Each transaction made on the floor of the Stock Exchange was recorded on the master stock ticker machine, a device that had evolved steadily, with much work by Thomas Edison, since 1867. "From its impulses go 600,000 miles of ticker tape each year," telegraphically relaying stock prices to 8,000 receivers across the nation, a New York reporter explained in 1929. But as a *Collier's* article in December 1928 pointed out, "the humble ticker—which everyone has taken for granted up to now—has suddenly become the big problem of the stock market. It is the neck of the bottle through which the day's story of the market must flow. And all of a sudden the neck has become too narrow—the flood cannot get through on time.

"Nobody could foresee four years ago, for instance, that the volume of stock trading would double in two years and quadruple in four years. Who could have guessed that the population of the country, so to speak, would come rushing like a great moving picture mob scene into Wall Street, with its money in its hands, clamoring to buy stocks?" The *Collier's* writer continued: "The struggle to gain speed has been incessant. It is a battle to gain not seconds but fractions of a second—the thousandth part of a second." After all, "anything less than right away is slow." Western Union, the New York Stock Exchange, and Teletype Corporation in Chicago were investing millions to develop a faster ticker, but installation was not expected until mid- to late 1930.

Meanwhile, Americans kept an eye and an ear to



BURLINGTON HAWK-EYE, OCT. 26, 1929

the little machines that connected them to the floor of the New York Stock Exchange. As a New York reporter noted, "Tickers from coast to coast click in unison as each figure is recorded."



And so the October days of 1929 began to tick by ominously. On Friday, October 18, stock prices fell for the fifth day in a row. The *Sioux City Tribune* called it a "nose-dive." Unable to keep up, the stock ticker was more than 40 minutes behind the market.

The next day, stock prices tumbled under bearish pressure. Many leading issues dropped \$5 to \$25 a share. The *Davenport Democrat* described the day's events: "Weak holders of stock on margin were . . . unable to meet the persistent calls from their brokers for more funds" and were crowded out of the market "in a wild rush." That week, the New York Stock Exchange averaged a trading volume of 3,300,000 shares per five-hour weekday—but that Saturday, in only two hours, 3,488,100 shares exchanged hands. The ticker ran 90 minutes after the closing gong.

By Tuesday, October 22, the movement to sell had stalled. Stocks seemed to be rising again, with a good rally of \$3 to \$30 per share. Prominent economists and financial leaders optimistically reported that U.S. business was sound and asserted that the recent "market flurries" meant nothing.

Iowa's first snow fell the next day, October 23. Despite temperatures hovering around 25 degrees, farm work continued. Some farmers began their fall plowing, and the corn harvest would soon start, as the field corn was drying nicely. Webster County farmers planned a cornhusking contest for Tuesday, October 29, at Tom Machovec's farm near Fort Dodge. Some Iowans were looking forward to pheasant hunting, hoping to bag the legal limit of three roosters. But more would fall in the coming week than early snow, ears of corn, and an occasional unlucky pheasant.

Thursday, October 24, 1929: The cold wave continued its sweep over Iowa that day and into the night as snow blanketed Cedar Rapids, Davenport, and other eastern Iowa towns. But the talk in Iowa's brokerage houses was not of the weather but of the far-away stock market. Starting at 10 a.m. when members of the New York Stock Exchange met for the opening bell, heavy blocks of shares were traded. Once again, the stock ticker could not keep pace with the day's flurry of activity. Stocks were falling far too quickly—crashing, in fact. An Associated Press report

in the *Des Moines Tribune-Capital* described the scene: "The 3,500 men on the floor of the exchange needed a dozen traffic police. A surging, screaming, disheveled crowd pushed and fought their way back and forth through the lanes separating the new horseshoe trading posts as messengers and traders tried to keep abreast of the flood of orders."

Although a pool of New York bankers purchased large blocks of significant stock that afternoon to stop a further fall, \$5 billion was swept away in a trading frenzy, the biggest trading day so far in Wall Street history. The *Des Moines Register* attempted to put the astronomical losses into meaningful terms for its readers, equating the figure of \$5 billion to "almost one-fourth of the cost of the world war to the United States," or the same as \$2,000 for "every man, woman and child in the state."

"The torrent of selling orders poured into the market over the congested private wire systems of commission houses from all cities of the country, over telephone and telegraph wires, and came from abroad by cable, radio and trans-Atlantic telephone," the *Register* reported. "Foreign security markets and domestic and foreign commodity markets broke sharply in sympathy with the stock exchange, and intensified the terror of speculators."



"The ticker system was completely overwhelmed by the deluge," historian William K. Klingaman writes, "which meant that the quotations it displayed were completely worthless, since stocks might have lost twenty or thirty points in the interval—and so many customers and brokers literally had no idea of where they stood." By 1:30, sales totaled 10,171,900 shares. By day's end, more than 14 million shares had been dumped.

The heaviest individual trading, however, took place that day on the New York Curb Exchange in a stock well known to many Iowa investors—Cities Service, which opened the day with a block of 150,000 shares at \$55.75. A record-setting 1,151,900 shares of this stock exchanged hands that day.

The day would be dubbed "Black Thursday." The ticker finally stopped in New York at 7:08 p.m., four hours behind. Junior partners, messenger boys, and switchboard operators worked through the night trying to sort out the tangle of paperwork.

Despite Thursday's debacle, the following weekend meant celebrations for many Iowans. College students and alumni gathered for homecomings at

Stock Exchange Floor During Panic, As Seen by an Artist



The caption to this drawing read: "In the foreground is shown the pandemonium around post No. 2, where steel stocks are traded. Back of it is No. 4, the General Motors post."

DES MOINES TRIBUNE-CAPITAL, OCT. 29, 1929

Iowa State, Simpson, and Drake. On Friday evening, thousands jammed Des Moines streets for Drake's Harvest Jubilee parade, a 40-float "electrical night parade" honoring the 50th anniversary of the incandescent light bulb. (Earlier in the week, in Dearborn, Michigan, Henry Ford had hosted his own elaborate celebration honoring Thomas Edison and the light bulb, with John D. Rockefeller Jr., Charles Schwab, Herbert Hoover, and Andrew Mellon in attendance.)

Meanwhile, on Wall Street that Saturday, "hollow-eyed commission house clerks struggled to clear away the debris left by the week's wild panic of selling," the *Davenport Democrat* reported. Elsewhere, prominent business and political leaders were trying to halt rumors and reassure Americans. Headlines in Iowa and across the nation repeated Hoover's message that "business is sound" and confidence and optimism would be restored quickly to American capitalism. Hoover had brought "joy" to many stock market bulls and confidence to big traders, the *Sioux City Tribune-Capital* reported. "Wall street was jubilant Saturday because President Hoover, with an authority that is magic in stock market circles, had said fundamental business of the country was on a sound basis, with production and distribution maintained."



Tuesday, October 29: The day started on Wall Street with a wild opening. Within the first half hour, the ticker tape was already 20 minutes behind. "Des Moines traders went wild Tuesday as stocks continued their seemingly endless nose dive in New York," the *Des Moines Tribune-Capital* reported. "Brokers' offices were crowded to capacity with the largest crowds in history, but little buying or selling was in order. . . . Telegraph operators and board markers were almost ready to drop in their tracks from the strain." The reporter continued, "Cigaret and cigar stubs covered the floor, a mute testimony of the nervousness of those watching the board. . . . Here and there could be seen a man with wide staring eyes watching every move of the board markets."

With the stock ticker so far behind, brokers found it impossible to know or even estimate stock prices. Iowa traders could do little buying or selling because of the inadequate information and constantly changing stock values. Hurried calls were made to New York. The occasional cry of a telegraph operator announcing a temporary rally sent hope to the heavy losers clinging to their pet stocks. But the rallies were brief, and the news remained bleak. Some wanted to

believe otherwise. "The market has about reached its depth," Des Moines broker John T. Harper stated for the record. "Stocks are beginning to stabilize themselves."

Cities Service continued to be many Iowans' chief interest throughout these panic-filled days. From its address of 60 Wall Street, Cities Service had advertised itself well throughout the year in national magazines such as the *Saturday Evening Post* and local Iowa newspapers; the Cities Service Concert Orchestra was broadcast across the nation and in Iowa each Friday at 8 p.m. Plus, small investors considered utility companies a wise choice, one that was more diversified and less volatile; many Iowa investors, for instance, also owned stock in Standard Oil of Indiana. Cities Service had established a recent record high of \$68¹/₈, then sagged to \$60 by October 22, dropped to \$45 with Thursday's collapse, and on Black Tuesday plummeted to \$22¹/₂, leaving investors to worry about meeting their margin calls from brokers or banks. "Several thousand Dubuquers held Cities Service," the *Des Moines Tribune-Capital* reported. "A brokerage house there declared that speculators had purchased more stocks than Des Moines, Cedar Rapids and Sioux City combined and that the majority had failed to liquidate in time to save their assets."

As the newspapers described it, crowds filled a brokerage house in Mason City, and Sioux City offices were "tense" and "in disorder." A cacophony of human voices and ringing phones filled brokers' offices. By the end of Tuesday, the tape was more than an hour behind, and specially installed wires had proved worthless. Most stock purchases eventually stopped; making price estimates had become impossible.

The *Tribune-Capital* called the day "hectic." Others called it "Black Tuesday." All stock exchange records fell that day—sales totaled 16,388,700 shares before the official closing. One unidentified Iowa man watched \$180,000 in paper profits vanish on Tuesday, and then \$6,000 in principal. *Register* reporter C. C. Clifton described the atmosphere in Des Moines: "On street cars, street corners, in homes, offices and bank lobbies, market talk, whether learned or idle, was as prevalent as football discussions on Saturdays." A Dubuque used auto dealer who had sold his business and invested in stocks was "plunged into bankruptcy." Still, the *Sioux City Tribune* doubted that small investors had learned to stay away from ruthless Wall Street wolves and predicted that "the shorn and shivering lambs of this country would come back for more in the stock market."

Under the *Davenport Democrat* headline of "Financial Fledglings Back to Overalls and Desks as Market Cyclone Shatters Air-Castles," nationally syndicated

Echoes of Wall Street Crash Heard in Des Moines



This Oct. 30, 1929, illustration was captioned, "It wasn't only the eastern millionaires who felt a bang in the pocketbook when the stock market went crashing on down Tuesday. These local scenes were found by a Tribune staff artist as he overheard Des Moines people discussing the Wall street panic." Women, shown here in the home or outside the broker's office, are less marginalized than the sole African American, a service worker, who is advised, "If ya don't know anything about it don't learn."

journalist Lemuel F. Parton noted that some "patient gleaners" had purchased stocks at rock-bottom prices, despite the "utter collapse of the clerical and communications machinery and staffs of both brokerage houses and the stock exchange." Describing the crash's consequences as a very human drama, he concluded, "Searching for a villain in the plot, one can find neither the 'wolf of Wall Street' nor his lair."

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On November 5—for the first time in two weeks—the stock ticker caught up, printing the day's final quotation only a half-hour after closing. But those first weeks of November remained

volatile. On November 13, prices were still reeling, as 300 stocks reached new lows for the year; again the ticker lagged more than two hours behind. "No responsible person in Wall street would venture a prediction as to how much longer the decline would run," the *Burlington Daily Hawk-Eye* told its readers. Some analysts now believe that the crash did not officially end until Thursday, November 14—three weeks after Black Thursday. Economists have estimated the losses for those three weeks at \$50 billion, losses with both national and international consequences.

After the stock market collapse, stories circulated and rumors escalated about the number of suicides by stock investors who had lost everything. But the

suicide wave after the 1929 crash is more myth than reality. The number of self-inflicted deaths did not increase statistically in New York or in Iowa. Many investors were certainly stunned and depressed, as historian Robert Goldston notes, but did not immediately consider an action as violent as suicide.

Yet as time went by, local rumor and the press were quick to link suicides to financial troubles. In Keosauqua, mayor Lee Fellows had worried over personal financial troubles following the crash. Fellows belonged to an old Keosauqua family, and he sold coal and ice for a living. One morning in early

November his wife discovered a letter of his intentions and then found his body in the barn loft. Five children and his wife mourned his death.

In Dubuque, rumors circulated that William Day Jr., who had inherited Central Lumber and Coal Company, had lost almost \$3 million in the crash. Local residents had interpreted certain of his actions—letting go of his servants and selling several expensive cars late in 1929—as signs of a failing fortune. On the night of February 12, 1930, he shot himself in his downtown office, having left letters for his wife, business associates, and friends. Day had been a popular figure in

local financial and business circles, and some of his friends believed ill health was to blame. "There will be no inquest," coroner Al Didesch said, "as the affair undoubtedly was a clear case of suicide."

SOLD OUT



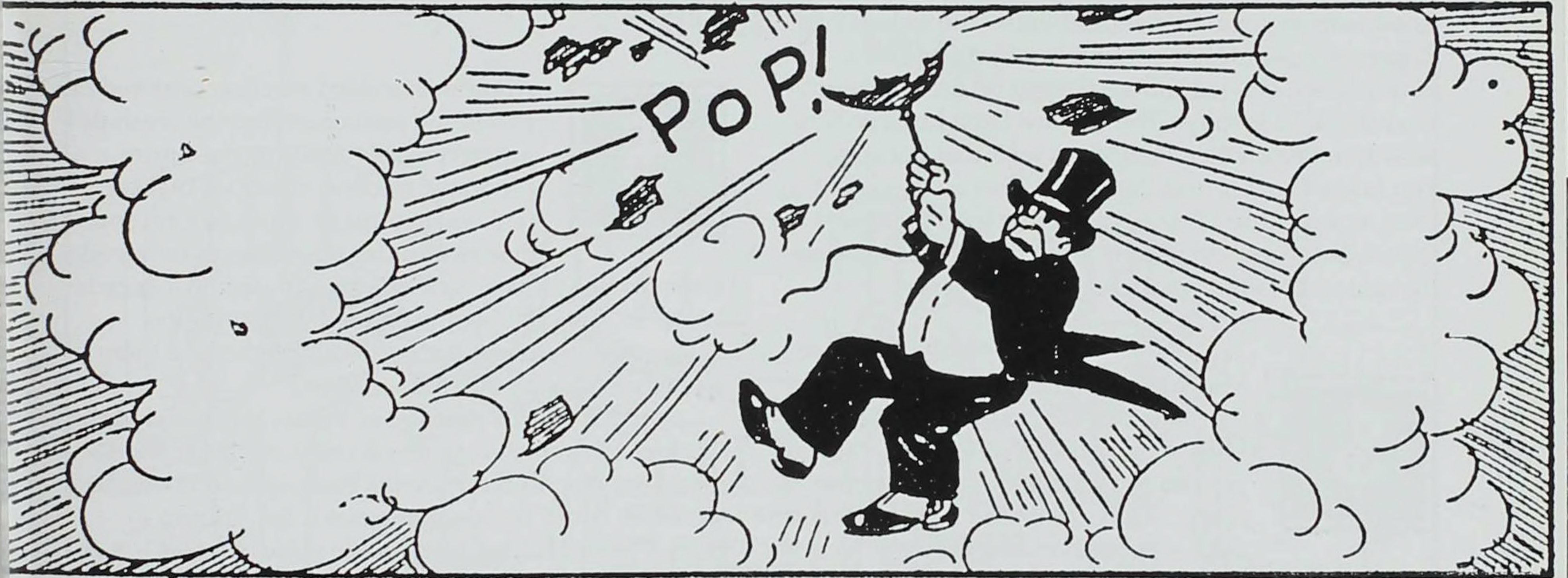
DES MOINES TRIBUNE-CAPITAL, OCT. 29, 1929, BY ROLLIN KIRBY (NEW YORK WORLD)



As the crash and its aftermath echoed through Iowa, the public and the press responded in one

of three ways to the Wall Street crash: with scorn, recognition, or optimism. Many said the crash came as no surprise; prosperity was typically short-lived. As the *Sioux City Tribune* commented, "Any abnormal prosperity must be at somebody's expense." The paper reprinted an article from *Commerce and Finance*, which called the October "prosperity panic" the "eleventh monumental crash in the stock market" since 1869. The *Davenport Democrat* editorialized, "Small boys used to have a saying, as they tossed something into the air, that 'what goes up must come down.'" Stocks had simply been valued too high and eventually had to fall. "People will begin to regard 6 and 8 and 10 per cent as a profit worth looking at, and not be wanting to get rich in a week."

Again They Meet on "Common Ground"



DUX CITY TRIBUNE, OCT. 30, 1929

Iowans who condemned stock market investment as gambling or, at best, speculation, weren't surprised either. Gambling was a dangerous game, they admonished, and any gambler should know the risks. Will Rogers, whose humor column ran in many Iowa newspapers, echoed this sentiment on the weekend after Black Thursday: "But to have been in New York on wailing day, when Wall street took that tail spin! . . . You know there is nothing that hollers as quick and as loud as a gambler. They even blame it on Hoover's fedora hat. Now they know what the farmer has been up against for eight years."



Many in Iowa drew parallels between the stock market crash of 1929 and Iowa's "land crash" after land values peaked in 1920. Farm land after the Great War had reached \$200 to \$300 an acre, and bankers had granted many farm mortgages on this inflated value. When land prices fell, many investors lost not only paper profits but capital or land as well. The editor of the *Marshalltown Times-Republican* thought the stock market had "busted" just as Iowa farm land had. "Speculators were buying solely for the rise and not for the annual return upon their investment," he wrote. "This is exactly what happened in our midwest land boom."

Iowa Secretary of Agriculture Mark G. Thornburg told reporters that "the same deflation which hit Iowa farm land was due to hit industry in the east." Charles E. Hearst, president of the Iowa Farm Bureau Federation, recognized that the business world was experiencing what farmers had gone through earlier: "At that time the farmer suddenly discovered that neither his land nor his farm products could command anything near the prices [of] a few months previous." Hearst believed that "safe home investments" would now gain more appeal, and that farm land would start to appreciate in value.

Henry A. Wallace, editor of the Iowa-based *Wallaces' Farmer*, also drew parallels between rural 1920 and urban 1929: "Back in 1919 and 1920, the farmers had their day of speculation, and they have been paying for it in terms of a long, slow, continuous deflation ever since. The farmers have been blamed again and again for their poor judgment in pushing their land values up to the price where they were in 1920." He concluded, "Now that some of our people in the cities have got into the same kind of trouble, they might use some of the advice which they handed

out so freely eight years ago to the farmers." Yet Wallace realized farmers would suffer as well as business people if the crash brought on unemployment.



Another standard reaction centered on continued optimism that the crash did not necessarily guarantee a future economic decline; the stock market had crashed many times before, and depressions had not always followed these former panics. As Cyrenus Cole wrote a decade later, "in Iowa the people entered 1930 with the determination to put the crash of 1929 behind them and to go on with business as usual."

Some of Iowa's prominent voices claimed that the stock market crash might even help Iowa's economic development. To the *Waterloo Evening Courier* editor, the crash could be advantageous if the "slump in stocks" reemphasized the "basic value of lands."

"Money is coming back to Iowa," he wrote, "which was attracted to the east because of high money rates on the stock market; interest rates are lower and more money is available for local enterprises." State Banking Superintendent L. A. Andrew informed the Des Moines Kiwanis Club that "the recent stock market crash will be felt only indirectly in Iowa. It may prove a blessing in disguise if all Iowa money is again put to work in Iowa investments." The *Council Bluffs Nonpareil* told readers that the Iowa Weather and Crop Bureau looked at "the recent deflation of the stock market . . . as a medium to stop the flow of Iowa money out of the state and to 'keep it where it belongs and where it will do some good.'"

Where it would do some good was road development, according to a *Dubuque Telegraph-Herald* headline, "Stock Crash Means Paved Iowa Roads." Plans for 1930 included paving 1,000 miles of highway and grading an additional 400. State Highway Commission auditor C. R. Jones commented in mid-December that he had witnessed a "marked improvement" in the bond market during the last four weeks: "We can now dispose of 5 per cent bonds at a premium." The *Des Moines Register* praised the economic growth: "Good roads are as necessary to a state as rain to a flower."

Bank presidents also took a positive stance. Willis G. C. Bagley, president of the Iowa Bankers' Association, had publicly predicted in Mason City on October 31 that the "debacle in stocks" would turn people to social investment or real estate. "The banks of Iowa, in my opinion, will not suffer through the drop in the stock market. True, some little money has been going out of

THE JOYRIDE VICTIMS ARE LEAVING THE HOSPITAL



THE J. N. "DING" DARLING COLLECTION, SPECIAL COLLECTIONS DEPARTMENT, UNIVERSITY OF IOWA LIBRARIES, IOWA CITY, IOWA. APPEARED IN DES MOINES REGISTER, MARCH 19, 1930.

Iowa for stock investments in the east but to a great extent for investments and not speculations." He concluded, "This will bring money back to Iowa for legitimate business in Iowa. I look for farm sales to increase. I still believe that good Iowa real estate is a basis for sure credit in Iowa." The publisher of *Northwestern Banker*, Clifford DePuy, surveyed Iowa's banks and determined that the state was "entering upon a new period of prosperity," as the *Des Moines Register* put it.

Bankers in Burlington also believed that prosperity would continue, though perhaps in different guises. One thought the recent stock market crashes would benefit the local bond market; another was convinced that land investment would now increase and that within three months the stock market would be nearing recovery.

W. B. Bonnifield, president of First National Bank of Ottumwa, also believed that although Iowans may have lost in the recent bear market, no serious harm had resulted in Iowa. He believed that Iowa's basic source of wealth was farm land, which had recently been overlooked and neglected. He added that "this [market] upheaval will bring Iowa back to normal and into its natural channels."



In an early November editorial, Ed Smith of Winterset's *Madisonian* touched on all three key points in Iowans' responses. He denounced stock purchases as gambling with promises of easy profits. "For two years, the good, sound old state of Iowa furnished call money for eastern stock markets. Thousands of Iowans played the stock market and woke up a few days ago with a dull headache and a general woe begone feeling." Smith also recognized the similarities to the early 1920s: "Stock speculators, like many land speculators [ten years ago], bought on shoe string down payments. They couldn't hold on and lost." Yet Smith also believed Iowa's economy would now improve: "There is every indication that the recent stock collapse will help, rather than hurt, business conditions in Iowa." Still, he ended his editorial with a warning: "History repeats!"

Yet optimism lived on, at least in the newspapers. "Iowa, good old Iowa, has now the least to fear. She has suffered the worst. Iowa is the one oasis in the desert of depression. Most of our farm troubles in the way of extra mortgages and debts have been eliminated. Iowa is on the up-grade," the *Iowa Falls Citizen* reassured readers. "Iowa, the experts tell, is now the most prosperous place on the map. Farm prices may

go down some more, but the prices of everything else will tumble down."

Iowa business leaders still predicted good conditions for 1930. Answering an Iowa Manufacturers' Association questionnaire, 53 percent of the 269 respondents said business conditions in Iowa would be good or very good for the first half of 1930; less than a third answered "poor"; and 92 percent thought wages would remain stable. In Des Moines, Gerard S. Nollen, president of Bankers Life, predicted at the annual meeting that 1930 would be the company's greatest year.

Other business reporting agencies also placed Iowa in a spotlight of optimism. According to the United Business Service Company in Boston, Iowa was one of four states (South Dakota, Oklahoma, and Delaware the other three) in which business was "good." The reasons cited were the absence of stock market speculation and the state road program: "Probably no one thing has been more responsible than the comprehensive hard surface road building program being carried on in the Tall Corn state."

In Knoxville that spring, U.S. Congressman L. J. Dickinson from Algona told a group of farmers and businesspeople about Iowa's expected and renewed prosperity. "Iowa is facing the greatest opportunity in years after six years in lowering of values," Dickinson stated. "The east took its deflation in six days while Iowa took six years for the job. . . . There is going to be more and cheaper money for Iowa agriculture, there will be an exodus of people from the cities back to the farm because they know they will be able to make a living from the soil."

Even the Harvard Economic Society's weekly newsletter in May predicted better U.S. business conditions: "Business—with due allowance for season movements—will turn for the better this month or next, recover vigorously in the third quarter, and end the year at levels substantially above normal."

Ultimately, perhaps the Democratic senator from New York, Royal S. Copeland, made the poorest prediction, as printed in July in the *Des Moines Register*: "As sure as fate," Copeland had said, "the chimneys will be puffing forth smoke, the farmers will be raising crops that will bring them good prices in 1932, and Hoover will be re-elected president."



In December 1929, when Columbia had released *Wall Street*, a movie about a stock market panic complete with a ruined speculator leaping to his death through an office window, a movie

critic at *Time* magazine wondered about the timing of this Hollywood film. Was it "extraordinary financial foresight or extraordinary speed in production?" The production company replied that it was "simple luck."

The next August, back in the Iowa Theatre in Winterset, *Caught Short* was playing, ten months after the crash. The comedy starred Marie Dressler and Polly Moran, "the screen's funniest team in the laugh panic." "From cleaning in the kitchen to cleaning up in the stock market," the ad read, "these two merry stars romp their way through the funniest comedy you ever saw! Then came the crash! It's a riot every inch of the way!"

If only the story of surviving the New York Stock Exchange crash of 1929 could be considered "simple luck" or "a riot every step of the way," as Hollywood producers once advertised it. Iowa's reactions to the actual crash were far more complex. The story of quick-and-easy fortunes in the bullish stock market of 1929 reflects a sadly familiar tale, a myth that Americans from New York to Hollywood to Iowa desperately wanted to believe. But busts follow booms. And simple luck simply runs out of time. ❖

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MARIE

POLLY

DRESSLER - MORAN

THE SCREEN'S FUNNIEST TEAM IN THE LAUGH PANIC



Get ready for the biggest laugh you've ever had! Here's a picture guaranteed to give you the best time you've had in a theatre in years! From cleaning in the kitchen to cleaning up in the stock market these two merry stars romp their way through the funniest comedy you ever saw! Then came the crash! It's a riot every inch of the way!

Dedicated to those who believe there is no substitute for laughter. A picture that's bringing happiness to more people than any film on the screen today! Also showing "RADIO KISSES". Prices 15c, 25c, and 40c.

NOTE ON SOURCES

Iowa newspapers and other periodicals before, during, and after the 1929 crash were a major source for this article. Numerous secondary sources also contributed to this article. Among the more pertinent were these: Caroline Bird, *The Invisible Scar* (New York: David McKay Co., 1966); Lester V. Chandler, *America's Greatest Depression, 1929-1941* (New York: Harper & Row, 1970); Cyrenus C. Cole, *Iowa Through the Years* (Iowa City: State Historical Society of Iowa, 1940); Charles Amos Dice, *New Levels in the Stock Market* (New York: McGraw-Hill, 1929); Irving Fisher, *The Stock Market Crash— and After* (New York: MacMillan, 1930); Robert Goldston, *The Great Depression: The United States in the Thirties* (Indianapolis: Bobbs-Merrill, 1968); Charles R. Hearn, *The American Dream in the Great Depression* (Westport, CT: Greenwood, 1977); Alan Jenkins, *The Stock Exchange Story* (London: William Heinemann Ltd., 1973); Charles P. Kindleberger, *The World in Depression, 1929-1939* (Berkeley: University of California Press, 1973); Maury Klein, *Rainbow's End: The Crash of 1929* (New York: Oxford, 2001); William K. Klingaman, *1929: The Year of the Great Crash* (New York: Harper & Row, 1989); William E. Leuchtenburg, *Franklin D. Roosevelt and the New Deal, 1932-1940* (New York: Harper & Row, 1963); Michael E. Parrish, *Anxious Decades: America in Pros-*

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