

## *The Crash of 1929*

### *Teacher's Guide*

*The Crash of 1929* offers insights into topics in American history including market mechanics, the history of Wall Street, economic forecasting, the zeitgeist of the 1920s, morality and the market, the effect of economic cycles on political trends, the lifestyles of the American elite, and more. Use the film or this web site to learn more, either in a classroom or on your own.

The following activities are grouped into 4 categories:

1. Economics
2. History
3. Civics
4. Geography

You can also read a few helpful hints for completing the activities.

### **Economics**

#### **Activity 1: Wall Street for beginners**

Working together as a class, prepare a “Beginner’s Guide to the U.S. Stock Market” for people who know little or nothing about the topic.

Assign one group of students to find the meaning of each of the following terms and then write a simple definition:

- share of stock
- stock broker
- stock market
- bear market
- bull market
- rally

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profit  
loss  
speculation  
Dow Jones  
NASDAQ  
New York Stock Exchange  
S&P 500  
Wall Street

(The group should add definitions of any other terms it thinks would be useful.)

Assign a second group of students to learn how to read the stock market listings in the newspaper or online and then prepare a chart showing what the numbers and abbreviations mean. Assign a third group of students to prepare a line graph showing changes in the value of the stock market over the past ten years.

When all groups have finished, assemble the pieces to form a booklet. Then distribute copies to classmates and family members and ask for feedback on whether readers found the booklet helpful in explaining the market.

### Activity 2: Virtual investing

Choose one company that is listed on the New York Stock Exchange and imagine you will “purchase” 100 shares of its stock at the current price. Write down the price you would pay if you were actually to make the purchase. Now, keep track of the change in its price each day over the next four weeks and chart these changes on a line graph. Starting at the beginning of the third week, you have the option of “selling” your shares whenever you wish, or holding on to them.

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At the four-week anniversary of your purchase of the stock, calculate how much money you made or lost. Could you have made more – or lost less – if you had sold at a different time?

## History

### Activity 1: Songs of the times

Just as the popular song “Blue Skies,” mentioned in the film, symbolized the optimism of the pre-Crash 1920s, the song “Brother Can You Spare a Dime” symbolized the despair of the post-Crash 1930s. Working with a partner, prepare two posters, one of each of the two songs. The poster should include the full lyrics of the song as well as photos from the period (or, if you prefer, your original drawings) that reflect the song’s message and mood.

### Activity 2: The roller-coaster market

Read a collection of [1929 headlines](#). The table below gives the level of the Dow Jones Industrial Average at the end of each month from December 1928 through December 1930. Use the data to make a line graph that shows the stock market’s “ups and downs” during 1929-1930.

Next, imagine that you are an investor in the stock market during this period. For each month between January 1929 and December 1930, list one reason why it might be wise to sell your shares of stock at this time and one reason why it might be wise not to sell them. How do the headlines and the graph help you understand what it was like to live through the Great Crash?

Month	Closing Level
December 1928	300
January 1929	318
February 1929	317
March 1929	309
April 1929	319

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May 1929	297
June 1929	334
July 1929	348
August 1929	380
September 1929	343
October 1929	274
November 1929	239
December 1929	248
January 1930	267
February 1930	271
March 1930	286
April 1930	279
May 1930	275
June 1930	226
July 1930	234
August 1930	240
September 1930	205
October 1930	183
November 1930	183
December 1930	165

Source: *The Dow Jones Averages, 1885-1990*, edited by Phyllis S. Pierce (Dow Jones & Company, 1991). Thanks to Susan Ikenberry, Georgetown Day School, Washington, D.C., for suggestions that aided the development of this activity!

## Civics

### Activity 1: Get rich quick!

Read the [crash memories](#) of some people interviewed in the film. List examples from the reading and the film of the feelings of euphoria and greed that became widespread as the market climbed in the late 1920s. Then find at least three examples today of advertisements

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(on television, in newspapers, on the internet, or on billboards) that promise quick, easy money. In your opinion, why do many people – both then and now – give in to the lure of “get-rich-quick” schemes even when they know that past “booms” have always led to “busts” – and that these schemes are often manipulated by corrupt individuals?

**Activity 2: Morality and the market**

Divide the class into five groups and assign each group one of the following topics related to ethics of insider trading and Wall Street: (a) the federal Securities and Exchange Commission – when and why it was created and what jobs it performs (b) the conviction and imprisonment of prominent businesswoman Martha Stewart on charges related to her sale of some stock (c) the 1987 Oliver Stone film “Wall Street,” which addresses the issue of “insider trading” (d) Ivan Boesky and the insider trading scandals of the 1980s (e) insider trading and the collapse of Enron Corporation in 2001. Each group should prepare and give a five-minute oral presentation on this issue for the class.

**Geography**

**Activity 1: Different countries, different paths**

In the United States, the Crash was followed by the Great Depression, which in turn led to Franklin Roosevelt’s election as president and the adoption of his New Deal policies. In Germany, the onset of the Depression further hurt the already-shaky Weimar government, helping bring about the Nazis’ rise to power. In the Soviet Union, the radical economic policies begun under Joseph Stalin in 1928 continued into the 1930s, as the Communist Party sought to strengthen both the economy and its own hold on power.

Divide the class into three groups and assign them the U.S., Germany, and the U.S.S.R. Have each group construct a timeline for the period of 1928 through 1936 that shows major political and economic developments in its country. Post the timelines side by side in the classroom and discuss as a class the sharply different policy paths the three countries took

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during these years. Also discuss why democratic government survived in the United States despite the unrest and suffering caused by the Depression.

### Activity 2: Lifestyles of the rich and famous

The film mentions several vacation spots that were – and still are – popular among very wealthy Americans; such spots include Bar Harbor, ME, [Newport, RI](#), Lake Placid, NY, Palm Beach, FL, and Saratoga, NY. Divide the class into five groups and assign each group one of these locations to research. The group should then report to the class on where the location is, why it has been popular among the elite (for example, what natural or “man-made” attractions it offers), and some of the prominent individuals or families who have vacationed there.

## Hints for the Active Learning Questions

### *Economics*

#### Activity 1

Basic information on the stock market can be found in a variety of books and Web sites. Historical data on stock market performance can be found at the Census Bureau’s Web site in the [Statistical Abstract of the United States](#), and other places.

#### Activity 2

Companies listed on the New York Stock Exchange can be found at the [Exchange’s web site](#).

### *History*

#### Activity 1

Lyrics for both songs are available through various lyrics Web sites on the Internet. The [Library of Congress](#) has links to Depression-era photos as part of its “Brother, can you spare a dime?” lesson. You might also ask groups to select a current popular song that they think might be regarded as symbolic of this era and prepare a poster about it.

#### Activity 2

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It is worth noting that the stock market was even more volatile during this period than the table's end-of-month figures show. For example, while the Dow Jones Industrial Average dropped by just one point in February 1929 as a whole (from 318 to 317), during the month it fell all the way to 296 before recovering.

**Civics**

**Activity 1**

The [Federal Trade Commission](#) has a web page with information warning about possible fraud in various schemes that are too good to be true, and advice on how to avoid them.

**Activity 2**

You might give students the option of making their presentation in PowerPoint form. Also, encourage students to illustrate their presentations with photos, charts, etc. The group reporting on the movie "Wall Street" might want to play a relevant excerpt from the film for the class.

**Geography**

**Activity 1**

Note for students that the exact relationship between the Great Crash of 1929 and the Great Depression remains highly controversial among economists and historians. John Kenneth Galbraith, interviewed in the film, has argued that the Crash was a significant cause of the Depression. In contrast, economist [Milton Friedman](#) has argued that the main cause of the Depression was a drop in the money supply.

**Activity 2**

In the case of Newport, students might want to visit the Web site of the [Preservation Society of Newport County](#), which includes photos and information on the city's historic mansions.

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