Michael Li

Period 3

**To what extent was buying on margin the primary cause of Black Tuesday in the New York Stock Exchange on 10/29/1929?**

The task of this investigation is to determine the primary cause of Black Tuesday in 1929, which resulted in the loss of $14 billion on the New York Stock Exchange and the rise of the United States unemployment rate to 25%.

The primary method will be comparing and contrasting the evidence from speeches concerning the economy by President Herbert Hoover, newspaper articles from the New York Times and The Economist, Roger Babson’s “Babson’s Warning” speech, a telegram from secretary Lawrence Richey to the president on Black Tuesday, and published statements by economists and investors. Books and papers written by 20th century historian Frederick Lewis Allen, economics professor Eugene N White, and economic theorist Gene Smiley will also be utilized for analysis.

The variables of this investigation will include the prevalence of buying on margin, easy credit, the rise of American consumerism, as well as governmental regulations and a disparity between supply and demand which resulted in overproduction.

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