The Official D&I Newsletter

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Words of Visionaries

Module: Financial Dooms that Shook the World

At Dreamers & Innovators, the ongoing module: "**Financial Dooms that Shook the World"** is an ambitious endeavour to help young Dreamers comprehend the technicality prerequisite to understanding national and international economies. The module aspires to build awareness of economical concepts along with coursing through three historically significant financial crises. The overall aim is to build the knowledge & skill which shall help the Dreamers to analyse the current circumstances of the Pandemic and predict where we are headed economically.

This week's newsletter showcases the ideas of four promising Dreamers: Ruben, Saayesha, Mehar and Gurvir, who provide you with a detailed study of the Great Depression which took place in 1929 in the USA and affected several industrialised economies globally.

Dreamers & Innovators is a knowledge and skill-building platform for 21st century learners. We aspire, design and execute interactive learning experiences where global knowledge relevant to today and tomorrow is brought to young Dreamers. At D&I, 21st century skills are honed, confident communication is developed and independent, informed opinions are nourished.

The Great Depression of 1929

Ruben Sharma
12 years

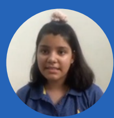
The Great Depression was a severe economic depression that occurred between 1929 and 1941. It started in the USA and then spread to several other parts of the world. During this time, many people were unemployed, starving, and homeless.

It began when American citizens started to invest in the New York Stock Exchange in the 1920s seeking greater returns. This period was known as the Roaring 20s. During the Roaring 20s, the government allowed margin lending, which enabled people to pay a margin of the stock's original price, and the brokerage or bank would pay the remainder. Investors took several loans during this period, which increased investments, causing the market to surge.

The crash of the stock market in October of 1929 resulted in many people losing their life savings and several banks going bankrupt as people were not able to repay their debts. The first day of the stock market crash was 'Black Thursday'. J.P. Morgan and a few other bankers helped restore the faith of the people in the stock market by investing nearly $250 million into the stock market. This was done to prevent the stock market from crashing. Eventually on 'Black Tuesday' the stock market crashed, resulting in mass panic.

This, in turn, caused the Great Depression. The stock market lost almost 90% of its value, and over 4000 banks failed, leaving many people with no savings. Almost 15 million American citizens lost their jobs and were rendered homeless. The Great Depression truly was the most severe economic crisis in the world.

The Darkest of Financial Times



Saayesha Chandrani
14 years

A major stock market crash took place on October 29, 1929, often referred to as Black Tuesday. This began a chain of events that led to the Great Depression, a 10-year economic slump that affected all industrialized countries in the world.

Stock prices reached unprecedented levels during the 1920s when the United States of America was awash in wealth and excess. This encouraged many people to speculate that the market would continue to rise. Investors borrowed money to buy more stocks.

A decline in real estate values led to a decline in the stock market during the late 1920s. On October 29, stock prices began to fall, causing investors to sell their stocks and get out of the market, resulting in even lower prices. This cycle led to more and more panic selling until the stock market reached its lowest point in history.

Investors lost a great deal of wealth on Black Tuesday, one of the worst days in the financial services industry. This day will always be remembered by investors in history since it was the beginning of the Great Depression, which had shocked the entire nation's economy and also simultaneously led to many financial reforms which laid down guidelines to have a smooth economy.

What They Call Black Tuesday

Mehar Arora
10 years

A day with a colour! Can't be! Or can it be?

Black Tuesday is the day on which the Great Depression started in the United States of America, and continued to have ripple effects across the industrialised economies of the world, especially Europe. On the 29th of October 1929 known as 'Black Tuesday', the stock market crashed and over 16 million shares were sold that day!

Panicked sellers were desperate to sell their shares. In around half an hour they sold 3 million shares and lost 2 million dollars. That time, traders wrote orders on a piece of paper. There was so much going on and there were so many traders that trades couldn't be executed. The worst part was that most of these shares had been bought using margin lending and that meant that the buyers had only paid 10% of the actual price and the rest 90% was paid by the bank or the brokerage firm in the form of a loan lent out to the investor. In this scenario, the banks also couldn't help maintain the economy because they didn't have any money even for staying afloat themselves. This led to the closure of nearly 4,000 banks across the United States over the course of four years.

Black Tuesday rubbed its dark colour on the economy for the years to come, painting one of the biggest financial dooms: The Great Depression, the memory of which the world still dreads.

Series of Causes & Grave Effects

Gurvir Vohra
14 years

The Spanish Flu in the year 1918 lead to the death of 675,000 US citizens who comprised a significant portion of the workforce of the nation. Also, during WW1 the USA was the supplier to Europe, thus ending of WW1 had a major effect on the economy of Europe and thus prevented European nations from buying any goods from the USA. This as a result impacted agricultural products and subsequently a few key manufacturers, resulting in a significant loss in income for the majority of people. This led to a depression for only fourteen months - Forgotten Depression. However the Roaring 20s soon followed and brought an economic boom.

However, in late 20s, the stock market was showing a huge return and the possibility of Margin Lending attracted investors to the stock market like flies to jam. On 24 October 1929, the stock market began to fall, panicked investors began selling their shares and it dropped so fast that in the matter of a day the value fell by half. To try to control it four major bankers and the chief of the New York Stock Exchange put together millions and invested in the stock market to curb the panic and balance the losses. But, little did it help and Black Tuesday soon followed when the market fell to record low ushering in The Great Depression.

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