

Human Stories behind an Era-Defining Crisis

Prakash Loungani

ANDREW ROSS SORKIN'S *1929* succeeds admirably in telling the story of that year's devastating stock market crash with great depth and granularity. It's less successful in its secondary goal of telling the story of 1929 to "better understand what we might learn from it."

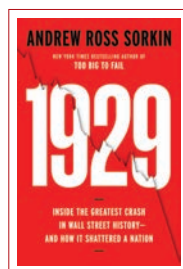
The story is told through the eyes of Charles Mitchell, president of National City Bank, a precursor of Citibank. Mitchell was keen to get Americans to buy stock—and borrow to do so—with no more thought than they would give to buying a washing machine on credit. He succeeded in this endeavor, with demand from ordinary Americans sending stock prices soaring and eventually setting up the crash that wiped out Mitchell and millions of others. The detailed narrative is to be expected from the author of *Too Big to Fail*, Sorkin's best-selling account of the global financial crisis.

We learn, for instance, that the right-wing US President Herbert Hoover "liked to part his hair just slightly to the left of center" and that he was the first president to have a phone on his desk, partly to keep abreast of Wall Street action. Sorkin sketches memorable portraits of three US presidents (Warren G. Harding, Calvin Coolidge, and Hoover) and of Andrew Mellon, treasury secretary under all three. Winston Churchill is colorfully presented as dependent on US patrons and stock market winnings to help him live in the style to which he was accustomed. There are engaging descriptions, drawing on newly unearthed archival material, of tussles between the White House and the Federal Reserve, with the White House often worried that the Fed would snuff out the stock market boom by raising interest rates.

Senator Carter Glass plays a big role: His name graces a major piece of financial legislation passed after the 1929 crash. The Glass-Steagall Act brought about separation of commercial and investment banking.

Sorkin correctly writes that the characters, issues, and policy choices of 1929 "appear to echo our present moment." Yet even this rich account of a past crash offers no blueprint for the

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1929
Inside the
Greatest Crash
in Wall Street
History—and How
It Shattered a
Nation

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widely predicted crash to come.

Each crisis is unique and spreads misery in its own way. The 1929 crash was followed by policy missteps—the Smoot-Hawley tariff and the abandonment of the gold standard—that triggered a worldwide depression. We learn from Sorkin that it was Hoover who coined the term "depression" to replace the word "panic," which was more prevalent at the time. The bursting of the dot-com bubble in the 2000s, by contrast, had a far more modest impact on the economy. We don't know if the collapse of the AI bubble will follow in the tracks of the 1929 or dot-com crash. Sorkin's book doesn't help us here. He concludes not with predictions but by writing simply that "the antidote to irrational exuberance is humility—the humility to know that no system is fool-proof, no market fully rational, and no generation exempt. The greater the heights of our certainty, the longer and harder we fall." **F&D**

PRAKASH LOUNGANI is director of the applied economics master's program at Johns Hopkins University.