

Milton Then and Now

The Stock Market Crash of '29

EDITOR'S NOTE: As a special to The Champion, historical columnist Mel Robinson takes a look at the effect of the stock market collapse on Milton just 50 years ago this week in 1929.

By Mel Robinson
I was 20 years of age, working in Toronto, when the big stock market crash occurred Oct. 29, 1929. I cannot recall that it was of great concern at the time to average people. The Depression years of the Dirty Thirties which followed were of much greater concern to most persons.
I talked recently with Jack Hannant about the big crash. He operated a grocery store on Main St. at that time, and was in a position to hear if any one in town lost heavily on stocks at that time, but he could not recall any report of serious losses.
P.L. Robertson was known to take an active interest in the stock market, but neither Jack nor I recalled hearing of him being burnt badly by the market crash. In fact, I think I once heard that he saw the crash coming and got out of it at a profit. Certainly, it was not a fall in prices which could not have been foreseen. Prices were at unprecedented

highs. The famous Babson reports forecasted a market crash. Many investors expected a fall in the market. A few profited greatly from their foresight. There are always players on the market who are "bears." They usually manage to sell off or sell short before any sharp drop in prices. No doubt many of them made money from the crash.
Jack Hannant felt that an important reason for the soft impact of the crash in this town was the experience of many local investors with the shares of a gold mining company—Associated Gold Fields. It had developed a reasonably successful operation under the waters of Larder Lake, and the sale of its shares was vigorously promoted in Milton. Dr. R.K. Anderson bought shares, so did many others. Jack's father had also invested money in the venture. He even went north to see the mine in operation.
Unfortunately one of the officials of the company absconded with a substantial proportion of the company's cash assets. Losses in Milton were numerous and extensive. Local investors were in no mood for stock market gambling in the three years prior to

the crash of October 1929. To them the news of the crash only meant interesting reading in the city dailies. There was entertainment for them in the many jokes about the wealthy and the indiscreet who were suddenly reduced to poverty by the crash. Vaudeville comedians, cartoonists, and writers worked the vein to exhaustion over the succeeding years.
Like many other people, my recollections of the crash started with the reading of the evening paper Oct. 29. As I had been a clerk in a downtown bank a few years previous to that, I had a good general understanding of the significance and background of the collapse in prices.
The senior teller in the branch worked in the cage next to my Current Ledger. He had come to Toronto from a small Ontario town. He was a small chap, rather impressed with his own importance. His girl friend was a pleasant, unassuming small town girl, but he was trying to create a big impression. Playing the market was the thing to do, so he was doing it. Several times every day he stepped from his cage and headed for the telephone to talk things over with his broker.
In those days it was relatively easy to talk big business. If you paid \$100 into a brokerage account, the broker was willing to loan you \$900 which enabled you to buy stock worth \$1000. If your stock went up to \$1200 you could sell and take

a profit of \$200 on a \$100 investment—often in a very short time. If you started lucky you could soon be operating a brokerage account well up into the thousands.
It was different, of course, if your stock went down. If it fell to \$900 you could sell off and only be out by the amount of your buying and selling brokerage. If it went down any farther the margin clerk in the broker's office phoned you for more money. If you failed to send it along at once, your stock was sold and you were left in debt to the broker. If this happened with too many of the broker's clients at one time, he also could be in trouble. The money he loaned to customers was mostly money he borrowed from the bank. With loans at roughly 90 per cent of quoted market values, the stock markets in New York and Toronto were card houses teetering on the brink of disaster.
They were both pushed over irretrievably by the famous crash of 1929. There were frantic calls to speculators who were, in a matter of hours, locked into impossible burdens of debt. Many brokers, too, were caught in the swirling tide. The drop in prices was too sudden and too deep for them to sell at a reasonable price the stock that was thrown back on their hands. In a matter of a few days it was all over. The markets were dead. All the foolish speculators had been wiped out.
Following the news I decided that

prices had fallen so much that they were bound to recover substantially. With trepidation I phoned a brokerage firm and enquired as to the price of International Nickel. It was at about \$42 a share—a ridiculously low price. I did not buy on a margin. I placed a small nuisance order for three shares. They were nice about it.
Within a few months INCO was down to about \$4 a share. I received my certificate which I put in a drawer. In addition I regularly received a very small dividend cheque. I was willing to wait, but after three or four years I gave up and sold my shares for \$14 each. If I had just been able to hold them for another

nine or ten years, I could have made money on the deal.
To me the really sad thing for Canada as a result of the market crash was that it drove from the market the kind of investor which a growing country really needs. Reckless persons in whom hope springs eternal, went right on gambling on penny mining stocks, but those who otherwise might have been buying, over the years, the shares of good companies with the hope of a reasonable dividend income and the chance of modest long term capital gains—they were scared away from the market completely for many, many years.

Legionnaires to remember

The Milton branch of the Royal Canadian Legion has been given permission by council to hold a Remembrance Day parade and service on Nov. 11.
The week of Nov. 4 to 11 has officially been declared Poppy Week in Milton.
The parade will form up in front of the Royal Canadian Legion Branch 136, on Charles St. and will leave at 1:30 p.m.
The parade will travel along Main St. to Bell St., to King St., to Brown St., to the Victoria Park cenotaph. It is scheduled to arrive in time for a 2 p.m. service.

Between the Willows

Lost and found

By Don Byers
I there has found a sense of humor that is a little thin and undernourished, it's mine.
I'm not sure how or where I lost it. Most likely it was during a news broadcast. A lot of humors go that way. And, not much wonder. Even the most smiling soul could hardly be expected to survive the constant barrage of today's realities, and the gloomy predictions for the future.
The whole world seems to have slipped on a banana peel—and nobody's laughing.
What bothers me the most is that nothing seems to be soluable anymore. Plenty of questions. Mighty short on answers.
(Ed's note: So what are you doing about it, Don?)
Glad you asked.
Since the pen is said to be mightier than the sword, I intended to put things right, by writing. Try these news topics on for size:
"Unemployment in Canada drops to new low."
"Inflation has been brought under control."
"Lasting peace comes to Northern Ireland."
"Parliament abolishes personal income tax."
"Middle East accord greeted with enthusiasm."
"Agros win Grey Cup."
"New power source solves energy crisis."
"Winter postponed indefinitely."

"Champion columnist wins Loto Canada." (Guess who?)
A flight into fantasy? Yes, But wouldn't it be nice to hear some good news, once in a while?
I imagine there are a lot of wives and sweethearts out there who are mightily pleased that the World Series finally wound down, a week ago today.
We have recently acquired a new color TV set that brings in about one million channels, many of which we've never heard of before. And, the "Series" dominated the tube.
Rhea was fit to be tied. David and I caved in to the inevitable, and joined the 60 to 65 million viewers who watched the Pirates win it all in the 7th and final game.
Oh well, dear, there are still football and hockey.
Duck, Dave, duck!
On the topic of television, it is well into a new season of programming. Some of our favorites are back, as good as ever. In our home we go for sitcoms, and are often laughing out loud at the antics of the characters with whom we have grown so familiar.
On the more serious side (but not lacking in whimsy) we thoroughly enjoy "A Gift to Last", starring a most talented Canadian, Gordon Pinsent. "A Gift to Last" serializes a story about the small town of Tamarac, Ontario, its people and their problems, at the turn of the century.
Give a look this Sunday evening.

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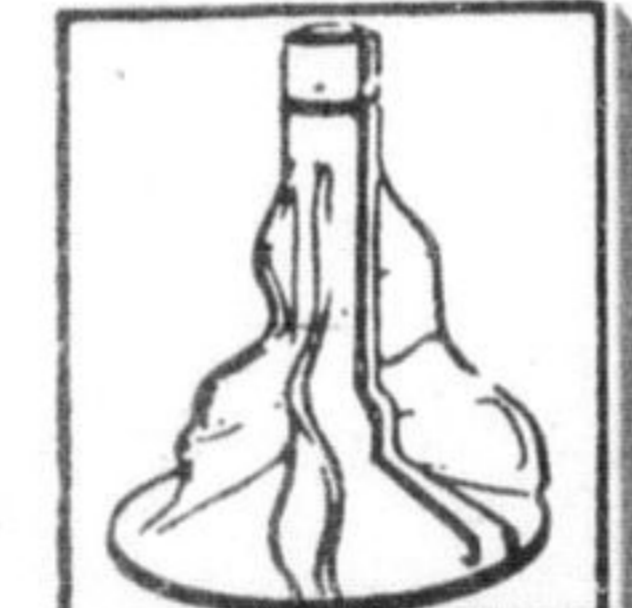
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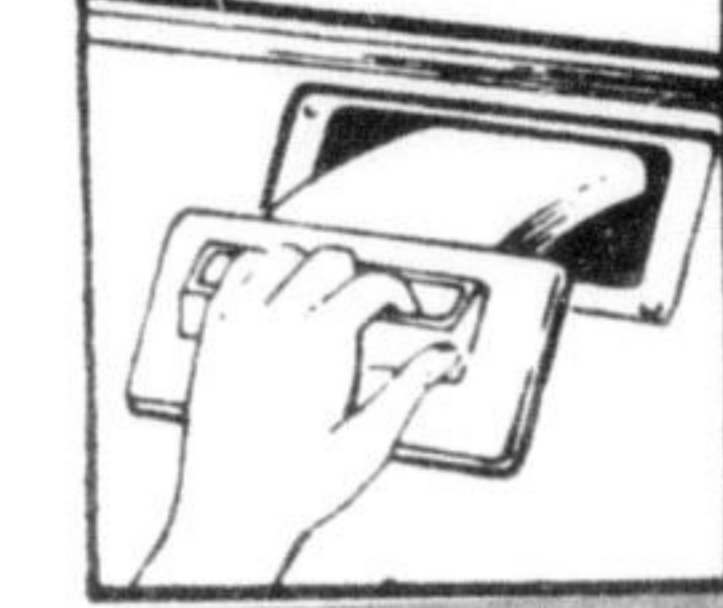
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