

## Chapter 5

### The Depression

The stock market crash, which you read about in Chapter 5, was followed by the worst Depression in U.S. history. Over the next four years millions of Americans lost their jobs, their savings, their homes, their farms, and their business. In addition to these financial losses, people lost their self-respect, their hopes, and their dreams. Those who lived through the Great Depression will never forget it.

In this chapter you will read several different descriptions of the Depression. As you read them think of what would happen to you if your parents lost their jobs and you had to rely on a soup kitchen for food and a public shelter for a place to sleep. You should also think about what the Government should do to help the people who lost their jobs and homes, and what it should do to end the Depression.



#### Things Kept Getting Worse

By late 1929, the year of the stock market crash, workers began to lose their jobs. Just a temporary downturn of the economy, experts said, 'nothing to worry about.' But times got worse.

Prosperity is just around the corner, President Hoover said, but times got even worse.

'These are good times', the great Henry Ford, father of the Model T, said, 'but nobody knows it.' Shortly afterwards, Ford shut down one of his factories.

'The business of manufacturing and distributing goods in this country is on a fine and prosperous

base', President Hoover said, but times got even worse.

By 1931, Americans realized that they were in the midst of a big Depression, and thought that times could not get much worse. But, they were wrong.

In 1932. President Hoover said that times had started getting better. But, when the Depression continued to get worse, he blamed the Democrats, claiming it was fear of the Democrat. running the government that caused businesses to shut down.

Just how bad did things get in America? Read the chapter and find out for yourself.

## How Bad was the Depression?

One way to learn just how bad the Depression was, is to look at the numbers gathered by government economists,

- **13 million or more people were unemployed**, 1 out of every 4 people working in 1929 were now without a job. This figure does not include the millions more who had to work part time and/or take a cut in pay. It also does not include the people who never had a job. Just those who had a and lost it or were not too discouraged to continue looking for one.
- People were forced to work for as little as **5 cents** (1, 2001) dollar) an hour
- **Relief payments** in New York City were **\$2.39 for a family of 4** per week
- The **GNP** (Gross National Product) fell from **\$104 in 1929, to \$59 billion** in 1932 (see chart page 31)
- The income of the average farm **family fell from \$790 a year to \$200** (4,000 2001 dollars) year
- **5,000 banks failed** between 1929–32. Many people lost everything they had saved.
- In late winter of 1933, people began to line up in front of banks to take all of their money out. To prevent this, several states ordered **all banks in the state to close**.
- Price of average share of **stock dropped from \$310 in 1929, to \$34** in 1932, or by almost 10 times or 1,000%

## Did the Depression Make People Angry and Violent?

- Most people accepted the Depression as a fact of life and did their best to survive through hard times. Most people thought that their failure to hold a job was their own fault. Others, however, got very angry and sometimes the anger boiled over. For instance:
- **Farmer.** in Iowa, Nebraska, and the Dakotas were stopping milk trucks. Angry because they could not sell the milk for enough money to feed their cows, farmers dumped the milk on the road. This is the way they sent a message to the Government and to consumers – no one gets milk until farmers can make money selling it.
- An army of 15,000 unemployed veterans marched on Washington, D.C. With wives and children, they camped out in the capital city. The soldiers wanted the government to give them their bonuses (back pay for money lost while fighting for their country). Payment was to be made in 1945. The veterans were unemployed and broke. They wanted their money immediately. Eventually, President Hoover ordered the army to drive them out. of Washington D.C.
- Children were found in New York City fighting over garbage cans set out from an expensive restaurant.
- In Washington, D.C. a labor union leader warned that the working men in this country would revolt if they did not get help from the government pretty soon.

## People Hurt by the Depression

The numbers in the preceding paragraphs do not help us understand the human tragedies behind the statistics. Lets look at some stories of the pain and suffering of people caught up in the Depression:

- The First National Bank of Melrose closed one day. It was rumored that the bank president had run off with his secretary and the bank's money. En front of the bank, Mrs. German sobbed and screamed . The bank held her entire life's savings, more than \$2,900. When the bank's books were finally balanced, depositors only received 31 cents for every dollar they had put in the bank. Mrs. German, however, never received her money. The shock of. the bank's closing brought about a complete nervous breakdown. She spent the rest of her life in an insane asylum..
- A little girl could not work in school. Her teacher asked what was the matter. The girl said she was hungry. The teacher told her to go home to get something to eat. 'I cant,' the little girl replied. 'today is my sister's turn to eat.'
- In Youngstown, Ohio hundreds of unemployed and homeless men crowded the town dump at night. Here they slept on garbage and warmed themselves by the city incinerator.
- In Pennsylvania a family of a pregnant woman and three children lived by eating two meals a day. Breakfast in the morning was a watery cocoa and bread and butter. The evening meal was a single can of soup. The older children could not go to school because they did not have shoes. Several families stayed alive by eating dandelions.
- The city of Chicago did not have enough money to pay teachers, so the schools were closed, and teachers weren't paid.

## African-Americans and Women During the Depression

African-Americans suffered more during the Depression than white Americans for several reasons. First, they had not shared in the prosperity of the 1920's and didn't have as far to go to reach bottom. Second, they were in job categories that gave them little security. Many black women, for instance, were maids. One of the first savings made by families with servants was to dismiss the hired help. African-American men who worked in unskilled jobs such as janitors and street cleaners found themselves replaced by whites. In several southern cities a movement began to replace all employed African-Americans with white workers. The unemployment rate among African-Americans was 33%, considerably higher than the unemployment rate of white workers. Hispanics (Spanish speaking Americans) had similar problems to African-Americans.

Women had different problems during the Depression then men. It was not thought proper for married women to work on a job during the Depression that could be done by a man. Women therefore were far more likely to be dismissed from factory and professional jobs (such as teaching and social work) then men. Women salesclerks and secretaries, however, did not lose their jobs, because men were not considered for this kind of work. Furthermore, women played a more important role in the home during the Depression. They sewed their own clothes, canned foods, took in laundry, and sold baked goods. Unable to play their traditional roles as bread winners, men often lost their authority at home as well.

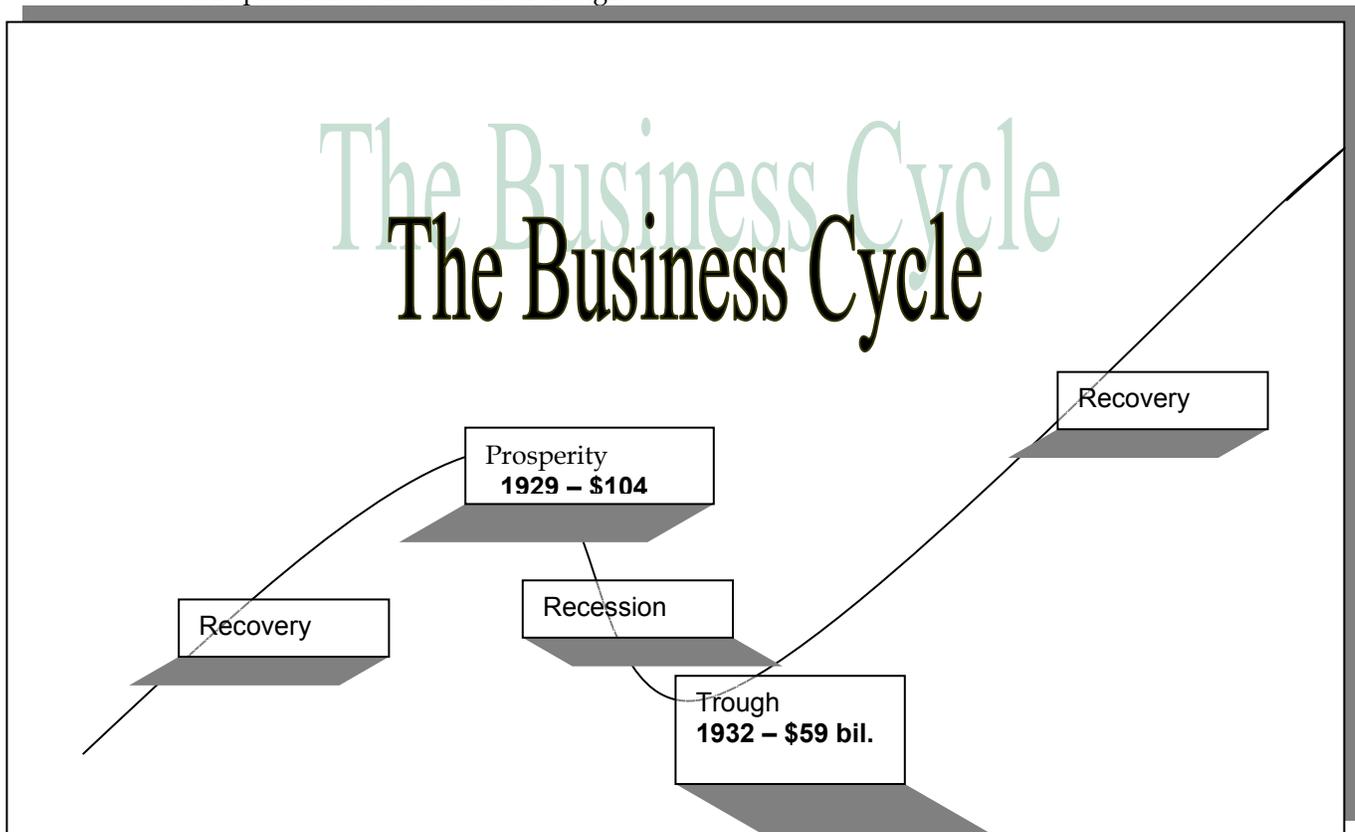
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## The Business Cycle and the Depression

The Depression of the 1930's was the worst business slump ever in U.S. history. There had, however, been many smaller and shorter depressions. There also have been times like the 1920's when the economy was doing well, followed by years of economic hardship. These ups and downs of the economy are called the business cycle. Economists who study these events have identified four different points in the business cycle.

- Upward movement called recovery
- leveling off at the top --called the peak or prosperity
- a downward movement called a recession - that could lead
- to a Depression at the bottom or trough



## **Suggested student exercises:**

1. Summarize what you believe are the most important statistics and at least five human interest stories which tell the extent of the Depression.
2. If you were the editor of a major paper, telling what was happening in the United States, how would you present the story. If your teacher requests, create a newspaper report on the Depression – with facts, human interest stories, and editorials on what should be done. Consult with the World Wide Web or a grandparent to get more information.
3. Do you think the causes of this Depression could in any way be linked to the conservative trickle down and laissez-faire policies of the 1920's? Why or why not?