

## Chapter 1

# It Was a Dark and Stormy Decade

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### *In This Chapter*

- ▶ Getting into a depression
  - ▶ Dragging nearly everyone down
  - ▶ Coping with life on the economy's edges
  - ▶ Trying to make things better
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**I**n August 1928, a few months before winning the U.S. presidency, Republican candidate Herbert Hoover boasted that “we in America are nearer to the final triumph over poverty than ever before in the history of any land.”

Boy, was he wrong.

Less than a year after Hoover assumed office, the United States was plunged into the deepest and longest economic recession in its history. It wasn't called the *Great Depression* for nothing.

This book tells the story of this period in U.S. history (from the end of 1929 to the country's entry into World War II in late 1941) by looking at the different elements that gave the era its shape, as well as some of the lessons and legacies that the era left us. This chapter tells you what those elements are and where to find out more about them.

## *Before the Beginning*

Every era has a beginning and an end (although historians often disagree about just when they occur). But nothing, not even history, happens independently of everything else.

The first part of this book takes a look at events before the Great Depression, to put the era in context and explain how those events affected things after the depression began. It also provides some explanations of terms and concepts that may prove helpful in understanding the era.

## ***Defining the Great Depression***

While the Great Depression was a political, social, and cultural event, as well as a financial calamity, its roots were economic. To have some understanding of what happened, you need to have a grasp of basic economic terms and processes.

On your to-know list: the difference between a depression and a recession; the methods the federal government uses in fighting economic downturns; how the Federal Reserve System works; what role the stock market plays in a recession; and how inflation and deflation factor into recessionary economics. I explain all these terms and concepts in Chapter 2.

## ***Tracking events that led to the Great Depression***



The Great Depression wasn't the first time that the U.S. economy hit the skids. In fact, recessions seem to come along with disconcerting regularity. But they do vary in their causes (foreign wars, broken-down railroads, even presidents who don't like banks), their duration, and their lasting impact.

In the period between the end of World War I and the onset of the Great Depression, the United States for the most part enjoyed economic good times under a string of Republican presidents who thought that what was good for big business was good for the rest of the country. There were new or improved products to buy (especially cars), lots of advertising to help talk people into buying them, and easily obtained credit with which to buy them.

But behind the façade of fiscal fun lurked indications that the U.S. economy was living on borrowed time. Large groups of Americans — farmers, minorities, and low-income workers — were not sharing in the good times. The stock market was dangerously overheated, and eventually it melted down.

I offer details of the times before the Great Depression, along with a look at modern stock market crash safeguards (as well as modern credit risks) in Chapter 3.

## *Sharing the Suffering*

While relatively few Americans lost money directly when the U.S. stock market crashed in October 1929, the pain of the general collapse of the economy that followed was felt by almost everyone.

Part II of this book looks at the crushing blows suffered by various groups of people, from bankers to farmers.

### *Going hungry and jobless as the banks collapse*

Trying to figure out why the Great Depression occurred has sparked debate among economists and historians for decades. It's a safe bet there was a combination of reasons for it, from farm failures to too many poor people.



Whatever its causes, the Great Depression's consequences were devastating. While government officials and business leaders initially tried to gloss things over, the U.S. banking system teetered on the edge of collapse. It took a change of administrations and an extended "bank holiday" to pull the banking industry back from the edge.

Unemployment soared, a swelling number of homeless people seemed to occupy every street corner, children went hungry, and World War I veterans marched on Washington, D.C.

To find out more, read Chapter 4, which also looks at the federal program that protects most bank deposits and the three-pronged approach the government has taken since World War II to prevent recessions from becoming depressions.

### *Looking for help, and striving to help themselves*

The Great Depression damaged not only Americans' wallets and purses but also their pride. They had been used to fending for themselves, their families, and their friends. But many of them got into such deep holes that to get out required help on a much larger scale.



The failure to help themselves did not result from lack of trying. People did whatever they could to make money, but most often they fell short. Local governments and private charities did what they could, but it took a change of presidents — and a lot of gritting their teeth — for people to get and take meaningful help from the federal government.

In the meantime, people tried to create jobs and make do with what they had. The result was often a severe blow to their self-esteem and a source of stress in relationships. And hurting the most, as usual, were the nation's minority groups.

Details on all these topics are in Chapter 5, where you'll also find information on the country's 21st-century social services safety net, and how efforts to pay women what they are worth have fared since World War II.

## ***Suffering on the farm***

Times were tough among U.S. farmers even before the Great Depression started. They were in some ways victims of their own success: Overproduction of crops led to low prices and small or no profits.

Farmers got little help from the federal government until Franklin D. Roosevelt was elected president in late 1932. While they were waiting, some farmers took things into their own hands by staging mini-revolutions.

Then the Roosevelt administration came up with a plan to help farmers, in large part by paying them not to farm so much. But the federal government couldn't do much about the drought, dust storms, and insect invasions that plagued the agriculture industry during the Great Depression.

You can find out lots more in Chapter 6, along with how U.S. farmers are faring in the 21st century.

## ***Exporting our economic woes***

The United States wasn't the only country whose economy was hurting as the 1930s began. In fact, most of the world was feeling financial pain by the end of 1930.

Chapter 7 looks at the international state of things after World War I, including efforts to make things better and efforts that only made things worse.

In that chapter, I explain the role the gold standard played in the world economy, offer a country-by-country view of the Great Depression, and describe how nations that were under the thrall of dictatorships fared. I also introduce two international organizations working in the 21st century to foster economic cooperation among nations.

## *Coping with Hard Times*

The Great Depression was populated with a lot of disparate characters, from the “boxcar children” (kids who hit the road looking for a future) to murderous bank robbers to Shakespeare-spouting labor leaders. Part III of the book covers these characters, as well as discussing migrant farm workers, historic labor strikes, and more.

### *Looking for better times down the road*

While most Americans stayed close to home during the Great Depression, a sizeable number packed up what they had and hit the road. Chapter 8 describes the three groups in which most of those wanderers fell: men looking for work; young people looking for somewhere they wouldn’t be a burden and would have a chance at a decent life; and families headed for the “promised land” of California, only to find the promise was mostly false. The desperation of these people is caught in the famous portrait of a migrant woman with her children, shown in Figure 1-1.

Chapter 8 also looks at an ambitious federal program that put Depression-era young men to work improving the national parks and wild lands: the Civilian Conservation Corps. And I discuss the plight of migrant farm workers, and how they are (and aren’t) protected differently today.

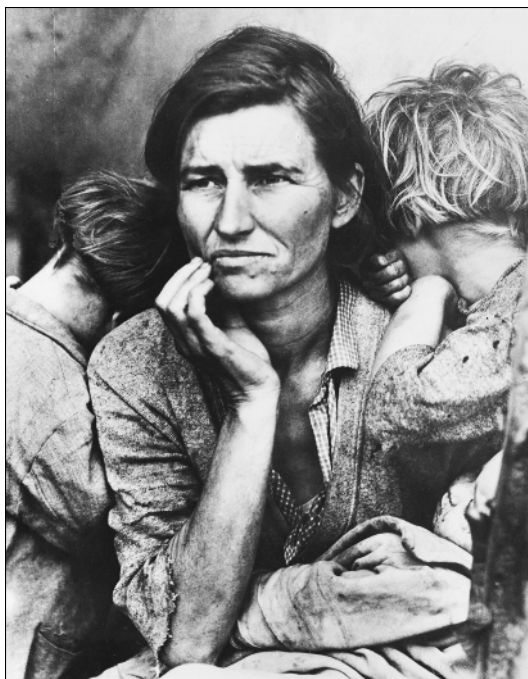


Photo by Dorothea Lange/Getty Images

**Figure 1-1:** Migrant mother Florence Thompson with three of her seven children at a farm workers' camp in Nipomo, California.

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## ***Making noise with speeches, rallies, and machine guns***

Unlike the citizens of some other countries, Americans never rose up in huge numbers to protest the state of things in the Great Depression (unless you count the election of Franklin D. Roosevelt in 1932 and 1936 as a protest).

That doesn't mean, however, that there weren't individuals with big visions, big mouths, and substantial followings. Chapter 9 looks at some of these characters, such as Louisiana Governor and Senator Huey Long and Roman Catholic priest/radio commentator Charles E. Coughlin.

Chapter 9 also covers efforts by communists and Nazis to gain a foothold in the U.S. political scene, as well as the fascination with criminals (both on the movie screen and in real life) during the era and the correlation between recessions and crime.

## *Putting smiles on depressed faces*

One of the sterling qualities of the American character is a refusal to stay down just because things aren't going well. Even in the Great Depression, Americans found ways to have fun.

As Chapter 10 reveals, the most popular ways to fill an increasing amount of leisure time were to listen to the radio and go to the movies. But there were also comic strips, comic books, and pulp magazines to peruse; a new kind of music to listen to; legal liquor to drink; and better cars to drive.

## *Developing organized labor*

Many sectors of the U.S. economy came out of the Great Depression better than they went into it, but perhaps none more so than organized labor.

Of course there were downs as well as ups. As Chapter 11 shows, it took thousands of strikes, scores of deaths, and three new major federal laws for labor to secure a significant role in U.S. politics and economic policy.

Chapter 11 also examines the history of the federal minimum wage since its inception in the Great Depression, and the role of labor in the first decade of the 21st century.

## *Finding a Way Out of the Great Depression*

It took years for the United States to get into the Great Depression and years to get out of it. Part IV of this book examines the two men who bore the most responsibility for turning the country around in the era: President Herbert Hoover and President Franklin D. Roosevelt.

This part also looks in detail at the ambitious agenda of Roosevelt during his time at the helm, and what the effects of that agenda were on later generations. It ends with a look at what can be learned from the Great Depression and applied to other economic crises in U.S. history, particularly in the 21st century.

## ***Swapping leaders mid-Depression***

Herbert Hoover and Franklin Roosevelt had very different backgrounds, so perhaps it's not surprising that they took different approaches to dealing with the Great Depression. How well they succeeded, or how badly they failed, is still a source of debate among historians and economists.

Chapter 12 delves into what life experiences each man brought to the White House and how the two approached finding cures for the country's economic illnesses. I also look at their 1932 presidential race and how they handled the handing-off of power from one to the other.

## ***Curing the Great Depression with a New Deal's worth of alphabet soup***

Outside of a war, it would be hard to think of another period in U.S. history when so much federal government effort went into solving a problem as during the Great Depression.

The era was a great period for acronyms. There were federal programs from AAA (Agricultural Adjustment Act) to WPA (Works Progress Administration). Heck, even the president had one: FDR. Roosevelt's efforts were called the *New Deal*, even though most historians would say that there were really two New Deals.

A lot of historians would also say that the New Deal(s) had a lot more lasting impact on the role of the federal government in American life than it had an immediate impact on the Great Depression. Read Chapter 13 and decide for yourself. And then read a summary of the status of Social Security and Medicare in the early 21st century.

## ***Lessons and Legacies from the Great Depression***

Economically speaking, the worst thing that ever happened to the United States was the Great Depression. But it wasn't the last bad thing to happen to the U.S. economy.

In Chapter 14, I offer a summary of what helped to trigger the Great Depression and what came about as a result. I also review the 11 recessions that have come along since World War II and look at the differences between the mess that started in 1929 and the one that began in late 2007.