

## WHY SHOULD YOU KNOW ABOUT THE GREAT DEPRESSION?

(The information in this article is from my experience during the Depression and from Wikipedia and other historical sources.) This article will focus on: What are Differences in The Great Depression (GD) and today's depressions.

What caused the Great Depression and why it is important?

The **Great Depression** was a severe worldwide economic depression that took place during the 1930s and early 40's... It began in the United States and expanded *worldwide*.

*I'll relate some of my experiences as a young kid which may help you to understand some of the conditions at that time.*

I would ask my parents why we had to move, why Dad didn't have job and a hundred more things. My parents always tried to explain to me why things were and what we had to do. It was hard for me to understand why Dad didn't get a job. He had been working but the only industry was a big saw mill and it had closed because of the lack of timber. All the workers were laid off including Dad. They had little hope of finding a job.

Dad was lucky as his uncle had joined the Oklahoma Land rush and had secured some land with a little oil on it. He had invested in a business and asked Dad to come and

work for him. Uncle Ed had a son the same age of Dad. My Great Grandfather had gone to Colorado and told Uncle Ed about a grocery store in Delta, Colorado that he could buy cheap. Uncle Ed made a deal with his son and Dad. He would buy the store and let Dad and Francis run it and evenly buy it. Francis had gone on to Colorado as he was single while Dad had to take care of Mother and me. We packed the old car and hit the road. Travel was hard as it was hot and so dusty that at times Dad had to have his car lights on to see the road. Cars with mattress and all kinds of things on it were constantly passing us. When I asked Dad about then he told me that they were farmers who had lost everything and were headed for California to look for work. He explained that the country had and was experiencing a severe drought. Another thing I didn't understand was in the cities I saw many long lines of people and wondered what they were doing. Dad explained they were looking for food. This excerpt will help explain the situation. "Bread lines, soup kitchens and rising numbers of homeless people became more and more common in America's towns and cities. Farmers couldn't afford to harvest their crops, and were forced to leave them rotting in the fields while people elsewhere starved. In 1930, severe droughts in the Southern Plains brought high winds and dust from Texas to Nebraska, killing people, livestock and crops. The "Dust Bowl" inspired a mass migration of people from farmland to cities in search of work".

Any recession or depression is bad but when you compare recent recessions or depression of the 20's

and 30's, The Great Depress, they are mild. Today we have unemployment insurance, welfare and well organized government and private organizations like FEMA, Red Cross, Salvation Army and others to help the people. Another advantage we have today is our communication and transportation systems which are almost unbelievable when compared with those in the 20's and 30's.

Let's examine the Great Depression, what caused it and its implications for today.

The Great Depression started in the United States in the fall of 1929 when the stock market began to crash. It soon became a worldwide problem. It had a devastating effect on most countries and especially the 3<sup>rd</sup>. world countries. It affected everyone as **personal income**, tax revenue, profits and prices dropped," International trade fell by more than 50%.

In 1920s, often called the Roaring Twenties, the U.S. economy expanded rapidly. During this time, from 1920 to 1929 the nation's wealth more than doubled. In 1929 things began to fall apart.

Unemployment in the U.S. rose to 39 to 40 percent of the civilian workforce. It was higher in some countries." By 1933, nearly half of America's banks had failed, and unemployment was approaching 15 million people, or 30 to 40 percent of the workforce which was highest the unemployment rate on record.

Today our **unemployment rate** in U.S. is 14.7 percent or over 23 million worker unemployed. The latest data indicate that there are about 40 million unemployed in the

country.

During the 20's the stock market was the scene of reckless speculation, where everyone from millionaire tycoons to janitors poured their savings into stocks. Many bought on margin where they would pay a little down for a large number of stocks. As a result, the stock market underwent rapid expansion, reaching its peak in August 1929. The American economy began to decline which led to a mild recession during the summer of 1929. Consumer spending slowed and unsold goods began to pile up, which in turn slowed factory production. The public ignored this and stock prices continued to rise, and by the fall of that year had reached stratospheric levels that could not be justified by expected future earnings.

“Then on October 24, 1929, nervous investors began selling overpriced shares in a mass, the stock market crash that some had feared happened at last. A record 12.9 million shares were traded that day, known as “Black Thursday. “Five days later, on October 29 or “Black Tuesday,” some 16 million shares were traded after another wave of panic swept Wall Street. Millions of shares ended up worthless, and those investors who had bought stocks “on margin” (with borrowed money) were wiped out completely.

By 1930, 4 million Americans looking for work could not find it; that number had risen to 6 million in 1931. In the face of this dire situation, Hoover's administration tried supporting failing banks and other institutions with government loans; the idea was that the banks in turn would loan to businesses, which

would be able to hire back their employees. (Does this sound familiar?)

In 1932, however, with the country mired in the depths of the Great Depression and some 15 million people (more than 20 percent of the U.S. population at the time) unemployed,

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Bank runs swept the United States again in the spring and fall of 1931 and the fall of 1932 and by early 1933 thousands of banks had closed their doors". This continued until 1940 when WWII began. The Great Depression was caused by greed and economic factors. Today's recession or depression has been caused by ours and the government's reaction to the Corona Virus.

I HAD HOPED THAT WE HAD LEARNED FROM THE WORST DEPRESSION THE COUNTRY HAS EVER HAD. OUR ACTIONS IN THE LAST 5 YEARS INDICATES THAT WE HAVEN'T AND HISTORY MIGHT REPEAT.

