**Causes of the Great Depression**

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Top of Form

Bottom of Form

The period from 1920 to 1929 is known as the Roaring Twenties. Those years were exciting, fascinating, and entertaining for the U.S. population, whose sons had just fought and won World War I (1914–18), the war that had promised to end all wars. Everyone was enthralled with the new gasoline automobiles that Henry Ford (1863–1947) had made affordable. Women had gained the right to vote, and some had acquired new electric machines that made life easier, such as washing machines and vacuum cleaners. Every day more Americans brought a [radio](http://ic.galegroup.com/ic/uhic/ReferenceDetailsPage/ReferenceDetailsWindow?displayGroupName=Reference&zid=6d3bef0712b41d824dc3a746da70ef24&action=2&catId=&documentId=GALE%7CCX3425600011&userGroupName=mlin_c_montytech&jsid=c9674adb2ee4f7742f7c0575588b0c0d) into their homes; the radio brought music and news that thrilled listeners. The new moving pictures captivated audiences in palace-like movie houses. Businesses and manufacturing industries continuously expanded. The prices of their [stocks](http://ic.galegroup.com/ic/uhic/ReferenceDetailsPage/ReferenceDetailsWindow?displayGroupName=Reference&zid=6d3bef0712b41d824dc3a746da70ef24&action=2&catId=&documentId=GALE%7CCX3425600011&userGroupName=mlin_c_montytech&jsid=c9674adb2ee4f7742f7c0575588b0c0d) steadily increased through the [1920s](http://ic.galegroup.com/ic/uhic/ReferenceDetailsPage/ReferenceDetailsWindow?displayGroupName=Reference&zid=6d3bef0712b41d824dc3a746da70ef24&action=2&catId=&documentId=GALE%7CCX3425600011&userGroupName=mlin_c_montytech&jsid=c9674adb2ee4f7742f7c0575588b0c0d), going on a wild ride upward between 1926 and October of 1929. [Stock prices](http://ic.galegroup.com/ic/uhic/ReferenceDetailsPage/ReferenceDetailsWindow?displayGroupName=Reference&zid=6d3bef0712b41d824dc3a746da70ef24&action=2&catId=&documentId=GALE%7CCX3425600011&userGroupName=mlin_c_montytech&jsid=c9674adb2ee4f7742f7c0575588b0c0d) went far beyond realistic values and had little basis in the health of the companies. These skyrocketing stock prices signaled trouble for the U.S. economy.

As early as March 1929 a few financial experts warned that banks were making too many loans for stock speculation (the buying and selling of stock without regard for its actual value or the strength of the individual company). The Federal Reserve, the U.S. central bank, tried to rein in the country's banks but with no success. Several leaders of industry also noticed that [unemployment](http://ic.galegroup.com/ic/uhic/ReferenceDetailsPage/ReferenceDetailsWindow?displayGroupName=Reference&zid=6d3bef0712b41d824dc3a746da70ef24&action=2&catId=&documentId=GALE%7CCX3425600011&userGroupName=mlin_c_montytech&jsid=c9674adb2ee4f7742f7c0575588b0c0d) was quietly on the rise. Nevertheless, despite a few warnings, the stock market headed up and up.

In September an economist for the *New York Herald Tribune,* Roger Babson, predicted the market was headed for a crash. After his speech stocks wavered and declined a bit. The Federal Reserve again tried to curb the out-of-control pace at which banks were making loans to buy stocks. Though the first seed of doubt had been planted, most investors chose to listen to Charles E. Mitchell, head of New York's National City Bank; John Raskob, financial giant; and J. P. Morgan and Company: These leaders in finance announced that the market's future was overwhelmingly positive. The market's behavior was a bit erratic in early October but nevertheless reached its all-time high on October 10, 1929.

On Wednesday, October 23, a block of General Motors stock was sold at a loss, and the market headed down. Orders to sell came in too fast for brokers to keep up with. Bankers tried to stabilize the market at the end of the day, but on Thursday, October 24, the market nose-dived. Financial losses were in the billions of dollars, and small investors were wiped out. On Friday, October 25, and Monday, October 28, bankers tried to revive the market by finding new big investors. But late on Monday they announced they could no longer support the market. On Tuesday, October 29, 1929—which became known as "Black Tuesday"—stock prices plunged even lower.

The Dow-Jones Industrial Average, an average overall measure of stock values based on the stock prices of thirty leading U.S. companies, was at an all-time high of 353 on October 10, 1929. It then dropped for the next four years, reaching a low of 41 on July 8, 1933. Not until 1954 did the Dow-Jones average again climb to 353.

**Overview: Causes of the Great Depression**

The crash of the New York Stock Exchange on October 29, 1929, signaled the start of the Great Depression, the worst economic crisis in U.S. history. This period would last until 1941, when the [United States](http://ic.galegroup.com/ic/uhic/ReferenceDetailsPage/ReferenceDetailsWindow?displayGroupName=Reference&zid=6d3bef0712b41d824dc3a746da70ef24&action=2&catId=&documentId=GALE%7CCX3425600011&userGroupName=mlin_c_montytech&jsid=c9674adb2ee4f7742f7c0575588b0c0d) began preparations to enter World War II (1939–45). When the stock market began to spiral downward, many looked on in disbelief. However, others recognized that the plummeting prices were a confirmation of severe economic problems long in the making. For much of the 1920s the United States seemed prosperous. Many Americans were employed, and goods such as automobiles, appliances, and furniture flowed out of factories. Yet an undercurrent of unhealthy factors ran through the American economy—factors that all came together and surfaced in late 1929.

During the 1920s there was no national economic planning or any significant watchdog agency to monitor the U.S. economy. The Republican administrations of Presidents Warren G. Harding (1865–1923; served 1921–23), Calvin Coolidge (1872–1933; served 1923–29), and Herbert Hoover (1874–1964; served 1929–33) followed a laissez-faire approach. *Laissez-faire* refers to the deliberate absence of government regulation. None of these presidents attempted to regulate the buying or selling of stocks and bonds; they exercised no controls over banking, manufacturing, or agricultural production. Likewise, no attempt was made to gather or analyze statistics that would have pointed to increasing problems in stock investing and overproduction of agricultural products and consumer goods. This approach to government was a major contributing factor in the Great Depression.

Another general factor that contributed to the Depression was the "get rich quick" mentality that developed during the 1920s. Many Americans believed their fortune was just around the corner. This belief was fueled by the mass production of consumer goods, mass advertising in magazines and newspapers, and exotic silent [movies](http://ic.galegroup.com/ic/uhic/ReferenceDetailsPage/ReferenceDetailsWindow?displayGroupName=Reference&zid=6d3bef0712b41d824dc3a746da70ef24&action=2&catId=&documentId=GALE%7CCX3425600011&userGroupName=mlin_c_montytech&jsid=c9674adb2ee4f7742f7c0575588b0c0d) telling tales of riches and success. With this "get rich quick" attitude, many Americans began to recklessly spend what little money they had. Hoping to look like glamorous movie stars, they bought a vast array of beauty products. On a larger scale many Americans purchased, sight unseen, parcels of land in Florida and southern California. When some investors went to visit the lots that had been purchased, they found swamps or desert. Realizing they had made a poor investment, many turned to the roaring stock market to overcome their losses. Focused on their own individual situations, these people did not recognize that their actions would soon combine with a number of other factors to produce the Great Depression.

Historians at the beginning of the twenty-first century recognize a number of causes for the Great Depression, including the following:

* Chronic agricultural overproduction and low prices for farm products
* Overproduction of consumer goods by manufacturing industries
* Concentration of wealth in the hands of a few (often referred to as maldistribution or unequal [distribution of wealth](http://ic.galegroup.com/ic/uhic/ReferenceDetailsPage/ReferenceDetailsWindow?displayGroupName=Reference&zid=6d3bef0712b41d824dc3a746da70ef24&action=2&catId=&documentId=GALE%7CCX3425600011&userGroupName=mlin_c_montytech&jsid=c9674adb2ee4f7742f7c0575588b0c0d); *mal-* means bad)
* The structure of American business and industry itself, which included several large holding companies
* Investors' speculation (buying stocks with the assumption that they can always be sold at a profit)
* The lack of action by the Federal Reserve System
* An unsound banking system

**Agricultural woes**

U.S. agriculture did not share in the prosperity of the booming 1920s. U.S. farmers had been overproducing since World War I (1914–18). During that war Herbert Hoover was the federal government's food administrator. He encouraged large increases in American agricultural production during the war because European production was greatly disrupted and the United States needed to supply its European allies with food. Before the war U.S. farmers produced less than 690,000 bushels of wheat yearly, but by the war's end they were producing 945,000 bushels per year. After the war U.S. farmers went on producing vast amounts of food each year. The use of machinery improved farm technology. Tractors replaced horses and mules. American agriculture employed 25 to 30 percent of the U.S. workforce in the 1920s, and it relied on income from food exports to European countries. But European countries had resumed their own food production after the war. Many of the European nations were troubled with postwar economic problems, so even though they still needed some U.S. food, they had no money to purchase it. U.S. producers had competition from Argentina, South Africa, and other nations, and this made it more difficult to sell meat and cereal crops on the world market. Nevertheless, U.S. agricultural production remained high. Farmers were still producing 800,000 bushels of wheat a year in 1930, and they were generally growing more crops of various kinds than they could sell. Because of the large U.S. crop and meat surpluses, prices for farm products fell dramatically.

President Calvin Coolidge took little interest in the farmers' problems. He dismissed the difficulties, saying that farmers never made money. Efforts in Congress to protect U.S. farmers from foreign competition failed. As a result the farmers' situation worsened throughout the 1920s. Farmers had to borrow to buy seed and equipment. Most took out loans against their land and homes. But food prices continued to fall, and by the late 1920s many U.S. farmers were hopelessly in debt. They began to miss payments on their loans, weakening their local banks. Between 1921 and 1929 an average of more than six hundred banks failed every year (compared to sixty-six a year between 1910 and 1919). Almost all of the failures were small rural banks. By 1929 farming families—roughly a quarter of the U.S. population—were desperately struggling.

**Manufacturing overproduction**

Although farmers were losing ground throughout the 1920s, manufacturing rolled along at top speed. By 1929 stores and warehouses in America were bulging with goods. Between 1923 and 1929, worker output of manufactured goods increased by 32 percent. Assembly lines and new machinery boosted production. As manufacturers saw it, the more goods produced and sold, the more profit there was to be had. Homes in U.S. cities were being electrified, which created a market for new, timesaving electric appliances. Appeals to buy were everywhere.

Advertisers touted their products, and movies teased Americans with images of movie stars living with luxuries all around. Although most Americans had little money left over after paying for necessities such as housing and food, they found a way to buy the new automobile, the electric washing machine, and the radio: It was called credit, or installment buying. A small first payment (down payment) was made; then the rest of the price was paid over time. This system worked well as long as the buyer had a job. Installment buying had never been used in America before the late 1920s. Previously, if the total cash price could not be paid up front, the purchase was not made.

Even with the installment plan, there were limits on how much Americans would or could buy; there were only so many kitchen appliances or cars a person needed. Buying slowed down. By 1929 the stores had built up huge inventories of goods and stopped ordering from factories. Manufacturers had overproduced, and they had to begin cutting back. Factories began laying off substantial numbers of workers, even before the stock market crash. When the crash came, many more people lost not only their jobs but their savings, too. The growing number of unemployed people bought only bare necessities. Goods sat on shelves in warehouses and stores. Manufacturing ground to a halt, and more and more people were laid off as a result. It was a vicious spiral downward.

**Concentration of wealth**

Despite the general appearance of prosperity in the 1920s, Americans did not share wealth equally. Historians speak of a growing maldistribution of wealth in the 1920s. *Maldistribution* means a very uneven distribution of wealth. Maldistribution has characterized much of human history: Many people have only a few material goods and have no way to change their position; a few people have a great deal of wealth and are determined to keep that wealth for themselves. Such was the case in America in 1929 prior to the Great Depression. The top 0.1 percent of American families had a combined income equal to the total income of the bottom 42 percent of the population. Between 1920 and 1929 the disposable income (money beyond what is needed for necessities) per person rose by 9 percent for most Americans, but the top 1 percent of the population saw a 75 percent increase. Concerning wealth (not income, but all forms of material goods that have money value), the maldistribution was even greater than it was for income: The top 2.3 percent of families with incomes of over $10,000 held 66 percent of all savings.

In 1929 just prior to the stock market crash, of America's 27.5 million families, 78 percent—21.5 million—were not able to save anything after necessities were purchased. These 21.5 million earned under $3,000 a year. Six million earned less than $1,000 yearly.

The reason for the gap between rich and poor had much to do with wages. Although worker productivity (the rate at which goods are produced) increased 32 percent between 1923 and 1929, wages increased only 8 percent in the same period. At the same time, prices remained stable, and the costs of production fell as items were mass-produced. As a result, profits soared. Corporate profits increased by 62 percent, and those profits went to the factory owners, not to the workers. American workers were increasingly less able to purchase the vast amount of goods they were producing, even with installment buying. Of course, the wealthy spent money on luxury items, but this spending could not counteract the mounting financial distress of the masses in America.

The government did little to address the growing maldistribution of wealth. In fact, government action worsened the problem. Andrew Mellon (1855–1937), secretary of the treasury under Presidents Harding, Coolidge, and Hoover, was one of America's richest men. He saw to it that tax cuts for the wealthy passed through Congress in the 1920s, helping the rich retain even more of their wealth. When workers tried to organize and use unions and [strikes](http://ic.galegroup.com/ic/uhic/ReferenceDetailsPage/ReferenceDetailsWindow?displayGroupName=Reference&zid=6d3bef0712b41d824dc3a746da70ef24&action=2&catId=&documentId=GALE%7CCX3425600011&userGroupName=mlin_c_montytech&jsid=c9674adb2ee4f7742f7c0575588b0c0d) to improve their wage and health benefits, the government was hostile to such activities. For a time the wealthy offset problems by investing in businesses, factories, and new beautiful buildings. But when [Wall Street](http://ic.galegroup.com/ic/uhic/ReferenceDetailsPage/ReferenceDetailsWindow?displayGroupName=Reference&zid=6d3bef0712b41d824dc3a746da70ef24&action=2&catId=&documentId=GALE%7CCX3425600011&userGroupName=mlin_c_montytech&jsid=c9674adb2ee4f7742f7c0575588b0c0d) crashed, they pulled back, ceasing all investing. The wealth of the richest families was not based on the soaring stock market but on decades of banking and ownership of manufacturing companies. So, unlike the newly rich whose money was all in stocks, these families did not lose everything in the market crash. Nevertheless, in late 1929 they retreated from investing and conserved their vast wealth.

**Holding companies**

The unregulated structure of American business and industry created a series of huge holding companies. Holding companies own operating companies (companies that produce a product to sell). Holding companies provide overall direction and management advice, but produce no product or service themselves. To raise money to buy up operating companies, the holding companies sold stock and bonds to Americans, promising them that they were making the soundest investment possible—investment in American businesses. The holding companies used the money from stock and bond sales to buy large amounts of stock in many operating companies (companies that actually produce goods or services) so that they could control those companies. This practice was especially prevalent in utility, railroad, and entertainment industries.

Part of the operating company's income went to its holding company. The holding company in turn used part of this money to pay stock dividends (cash distribution of profits) and interest on bonds to the investing public. If the directors of holding companies wanted more investment money, they simply formed another holding company that would buy out the first holding company.

Eventually a house of cards developed, one holding company on top of another. When the stock market crashed, there were no more cash investors, and people could not afford to buy the goods of the operating companies. The operating companies could not make enough profits to support the various levels of holding companies. Therefore, the holding companies could not get enough cash to pay dividends and interest to the public investors. The whole house of cards collapsed, wiping out the public's [investments](http://ic.galegroup.com/ic/uhic/ReferenceDetailsPage/ReferenceDetailsWindow?displayGroupName=Reference&zid=6d3bef0712b41d824dc3a746da70ef24&action=2&catId=&documentId=GALE%7CCX3425600011&userGroupName=mlin_c_montytech&jsid=c9674adb2ee4f7742f7c0575588b0c0d). It was only after the stock market crash that Americans realized how many holding companies had been formed and how much power and control they had wielded.

**Stock speculation**

Speculation in stock means to buy stock with the assumption that it can always be sold at a profit. Businesses needed to sell stock to raise money to expand. By the mid-1920s only 2 percent of Americans were purchasing stock. But as manufacturing continued to expand, stock prices climbed upward and investors made money. Word got around, and by the late 1920s nearly everyone who had a decent income saved to buy a share of stock. It appeared to be an especially safe way to make easy money. However, investors were not protected from misleading information about stocks. It was difficult for investors to know exactly what they were buying. Companies told the public that they were doing well, but the public had no means of confirming that the companies' financial reports were reliable. To make matters worse, a dangerous way of buying stock developed. It was called "buying on margin."

Buying on margin means that a person purchases a stock by using a bit of his or her own money and borrowing the rest. It is similar to buying on credit. For example, to purchase a $100 stock the buyer might put up $20 and borrow $80 to make up the entire price. Investors worked with investment brokers to borrow money and then buy a stock. Investment brokers got their loan money from banks; brokers and banks alike believed that the stock market was on a permanent upward climb. The brokers set a margin limit. In the example the margin limit was 20 percent, meaning that the investor had to keep 20 percent of his or her own cash invested in the stock. If the stock value increased to $130, then the investor paid back the $80 borrowed and was left with the $20 originally invested and $30 profit. All $50 could be reinvested in a similar manner. The $30 profit represented a 150 percent profit. Such large profits were common as the market continued to rise. Investors, using their increasing profits and borrowed money, continued to buy stocks. This growing demand for stocks pushed stock prices up until they were dramatically higher than the stocks' real worth based on the particular company's profits and overall worth. When stock prices are steadily rising, the market is called a "bull" market. When the market steadily drops, it is a "bear" market. The market in mid-1929 was a raging "bull" market.

Consider what would happen if the investor in the previous example saw the price of his or her stock drop rather than rise. If the $100 price of the stock dropped to $70, then selling the stock at $70 would not even pay back the loan from the broker. The investor, owing $80 but having only $70, would have to come up with more cash. This is what happened not to one share but to millions of shares when the market dropped in October 1929. Investors could not come up with enough cash to meet their "margin calls," demands by the brokers for more cash. In only a few days several million investors lost all the money they had invested, as the market turned into the worst "bear" market of the twentieth century. One day these investors had been wealthy; the next, they wondered how they would survive.

**A meek Federal Reserve System**

The Federal Reserve, established in 1913 as the nation's central bank, could possibly have controlled the wild speculation in the stock market and prevented the crash, but the bulls of Wall Street (investors who wanted to drive prices up) overpowered it. The Federal Reserve controlled the loaning of money to banks by raising and lowering interest rates. (Interest is what a borrower pays a lender for the use of the money.) If the Federal Reserve loaned $1,000 to a bank at 5 percent yearly interest, then the bank would have to pay the Federal Reserve $50 yearly in interest for use of that $1,000 loan. If the Federal Reserve raised the interest rate to 10 percent, then on $1,000 the bank would have to pay $100 yearly in interest. Raising the interest rate caused banks to borrow less from the Federal Reserve, because the money was more costly.

In the spring of 1929 several prominent financial experts warned against the widespread speculation in stocks. They knew the price of stocks had been driven up by margin buying, until prices were well above any real value based on the company's profits and overall worth. They called for the Federal Reserve to raise interest rates so banks would not borrow as much. If the banks borrowed less, they would have less money to loan to investment brokers, and those brokers would have less to lend to individual investors who wanted to buy stock on margin. This would slow stock speculation. However, in March 1929, the Federal Reserve decided not to raise interest rates but to merely warn banks to reduce the amount of money they were loaning for stock speculation. Ignoring the Federal Reserve's advice carried no penalty. Hoping stocks would continue to rise, the banks went on lending to investment brokers. The investment brokers went on lending out the money to the general public to invest in stocks. And the public went on buying stocks on margin. The Federal Reserve meekly backed down and let the speculation continue. When the market crashed, investors could not pay back brokers. Hence the brokers could not pay the bank interest on their loans, much less pay back the loan money. Thus by mid-1929 the banks had set themselves up for a big fall.

**An unsound banking system**

In 1900 there were roughly twelve thousand commercial banks, banks where services included savings deposits and personal and business loans. By 1920 the number had risen to thirty thousand. With little banking supervision many one-office banks had opened in rural areas, using only a small amount of start-up money (sometimes as little as six thousand dollars). However, because of the surplus of U.S. farm products and plummeting crop prices, farmers were unable to make loan payments to these rural banks and [bank failures](http://ic.galegroup.com/ic/uhic/ReferenceDetailsPage/ReferenceDetailsWindow?displayGroupName=Reference&zid=6d3bef0712b41d824dc3a746da70ef24&action=2&catId=&documentId=GALE%7CCX3425600011&userGroupName=mlin_c_montytech&jsid=c9674adb2ee4f7742f7c0575588b0c0d) resulted. Most bank failures between 1921 and 1929 occurred in communities of twenty-five hundred or fewer residents and with capital funds (the accumulated worth) of twenty-five thousand dollars or less.

Banks that were not damaged by the struggling agricultural industry aggressively competed with one another for deposits. To win deposits from businesses and individuals, banks offered to pay higher and higher interest rates. To cover the expense of high interest rates paid out to customers, banks needed to make more income from the interest they charged on loans.

Therefore, they made loans easy to obtain, readily lending money for business activities, real estate, and investments in stocks and bonds. Banks assumed the economic boom of the 1920s would go on forever. Depositors who wished to invest in stock could fund up to 90 percent of the stock price through bank loans or through investment brokers who had obtained bank loans for stock purchase. But by the end of the decade individuals and businesses would be unable to keep up with their payments on these loans. Without the funds from loan repayments, many banks were forced to close their doors.

By October 1929, the various economic problems in the United States collided and caused a massive slide in the U.S. stock market. The slide signaled the start of the Great Depression.

**Catastrophe: the Great Depression**

For most Americans the Great Depression began suddenly in October of 1929. Most thought the economy had been going along fine. There were those, of course, who could read the warning signs of economic trouble, but if they spoke out, no one took them seriously. For the general public the first indication came at the moment of disaster, a moment so shocking that it could be precisely placed—in New York City, on Wall Street, on October 24, 1929, the day the stock market plunged. The Great Depression would linger until intensive preparations for World War II (1939–45) began, shortly after the Pearl Harbor attack on December 7, 1941. The war created jobs, both civilian and military, and improved wages, and finally the Great Depression came to a close

The worst years of the Depression ran from 1929 to 1933. President Hoover, holding to the belief that Americans should be self-reliant and not depend on government, took a very conservative approach to solving the economic difficulties. He called for cooperation of business and industry to solve unemployment. For relief for the needy he depended on private charities and asked Americans to donate generously to the charities. Hoover viewed the Depression as a natural downturn in the business cycle of ups and downs. The U.S. economy had experienced a number of these declines before—in 1819, 1837, 1857, 1873, 1893, and 1914—and each one was followed by a period of growth. Hoover told Americans that the economy, if left alone, would turn around within days or months. He urged them to have a more optimistic attitude. But the decline of business continued in 1930, 1931, 1932, and 1933. According to Frances Perkins (1882–1965), secretary of labor under President Franklin Roosevelt (1882–1945; served 1933–45), the whole economy, including business, manufacturing, banking, and agriculture, declined 38 percent during those years. Factories closed and laid off workers. Approximately 70 percent of Americans managed to keep their jobs, but they saw their pay decrease an average of 40 percent. Prices of goods also declined but by much less, generally 25 percent. Those not counted in the regular [labor force](http://ic.galegroup.com/ic/uhic/ReferenceDetailsPage/ReferenceDetailsWindow?displayGroupName=Reference&zid=6d3bef0712b41d824dc3a746da70ef24&action=2&catId=&documentId=GALE%7CCX3425600011&userGroupName=mlin_c_montytech&jsid=c9674adb2ee4f7742f7c0575588b0c0d), such as the self-employed, artists, writers, and dancers, found no market for their services and talents.

Bank runs and bank closures were common in 1932 and early 1933. Depositors lined up at banks, demanding all their money. Since banks had already loaned out much of their money, those toward the rear of the lines got nothing—lifetime savings were wiped out. Many people lost their homes or farms since they could no longer make payments on loans.

The toll on families was great. Financial problems broke some families apart. Marriages were postponed, and couples had fewer children. Schools adjusted to the crisis by shortening school hours, decreasing the number of school days, and laying off teachers. Some schools closed altogether. With no school or work many young people became transients (persons traveling in search of work) and wandered about the country on the railroads.

Americans hardest hit were those who were poor before the Depression: farmers, [minorities](http://ic.galegroup.com/ic/uhic/ReferenceDetailsPage/ReferenceDetailsWindow?displayGroupName=Reference&zid=6d3bef0712b41d824dc3a746da70ef24&action=2&catId=&documentId=GALE%7CCX3425600011&userGroupName=mlin_c_montytech&jsid=c9674adb2ee4f7742f7c0575588b0c0d), and the elderly. Up to 75 percent of black Americans lived in the rural South and worked in farming. Most had almost no income. Blacks in cities fared no better; they were always the first laid off from their jobs. Many elderly people lost their life savings because of bank failures. With no hope of earning income, they either moved in with their children or became part of an army of desperately poor and hungry people. In the cities, bread-lines snaked for blocks as the unemployed waited for a meal of bread, beans or soup, and coffee. Men, women, and children rummaged through restaurant garbage cans or in city dumps for scraps of food. There was remarkably little stealing; Americans believed that they were somehow responsible for their situation and that they had to endure it without resorting to such extremes.