

*Chapter Three*  
DOWN, DOWN, DOWN

§ 1

JUNE, 1931: twenty months after the Panic. The department-store advertisements were beginning to display Eugenie hats, heralding a fashion enthusiastic but brief; Wiley Post and Harold Gatty were preparing for their flight round the world in the monoplane "Winnie Mae"; and newspaper readers were agog over the finding, on Long Beach near New York, of the dead body of a pretty girl with the singularly lyrical name of Starr Faithfull.

On the New York stage, in June, 1931, Katharine Cornell was languishing on a sofa in "The Barretts of Wimpole Street," de Lawd was walking the earth in "The Green Pastures," and the other reigning successes included "Grand Hotel" and "Once in a Lifetime." At the movie theatres one might see African lions and hear native tom-toms in "Trader Horn," or watch Edward G. Robinson in "Smart Money" or Gloria Swanson in "Indiscreet." As vacationists packed their bags for the holidays, the novel that was most likely to be taken along was Pearl S. Buck's *The Good Earth*, which led the best-seller lists. The sporting heroes of the nineteen-twenties had nearly all passed from the scenes of their triumphs: Bobby Jones had turned professional the preceding fall; Tilden had lost the tennis championship the preceding summer; Dempsey and Tunney had long since relinquished their crowns, and boxing was falling into uncertain repute; Knute Rockne, the Notre Dame football coach, had recently been killed in an air-

plane crash; and even Babe Ruth was no longer the undisputed Sultan of Swat: Lou Gehrig was now matching him home run for home run.

During that month of June, 1931, there was a foretaste—and a sour one—of many a financial scandal to come, when three officers of the Bank of United States were convicted by a jury in New York, after shocking disclosures of the mismanagement of the bank's funds during the speculative saturnalia of 1928 and 1929. There was the inception of a romance that was to shake an empire to its foundations: on June 10 a young American woman living in London, a Mrs. Ernest Simpson, was presented at Court and met for the first time the Prince of Wales. At Hopewell, New Jersey, the scene was being unwittingly set for the most tragic crime of the decade: Colonel Lindbergh's new house—described in newspaper captions as "A Nest for the Lone Eagle"—was under construction, the scaffolding up, the first floor partly completed.

During that month a young man from St. Louis came on to New York, with arrangements all made, as he supposed, for the transfer to him of a seat on the New York Stock Exchange. But one detail had been neglected: the Exchange was virtually a club, and a candidate for membership must have a proposer and seconder. There was some delay before the young man from St. Louis, whose name was William McC. Martin, Jr., could be proposed and seconded, for he did not know anybody on the Exchange. The gentlemen of Wall Street, having no inkling of the changes in store for them during the next few years, would have been thunderstruck if they had been told that before the decade was out, this unknown youth would be President of an Exchange operating under close governmental supervision. The President in 1931 was Richard Whitney, hero of the bankers' foray against the Panic; on April 24, 1931, Mr. Whitney had made an impressive

address before the Philadelphia Chamber of Commerce on "Business Honesty." Prices on the Exchange had been going down badly and brokers were pulling long faces, but there was still a little gravy left for those who knew what the next move would be in Case Threshing or Auburn Auto.

On a Sunday morning in June, 1931, two men spent some busy hours in a small room in a very big house in Hyde Park, New York, poring over maps of the United States and railroad timetables and lists of names. They were the Governor of New York, Franklin D. Roosevelt, who had been so impressively re-elected the preceding November, and the Chairman of his Democratic State Committee, James A. Farley. Mr. Farley had conceived the idea of attending the forthcoming Elks' Convention at Seattle, and he and Governor Roosevelt were planning how he might make the most of the expedition, covering eighteen states in nineteen days and talking with innumerable Democratic leaders, with most of whom he had already been corresponding profusely and cordially. The object of this prophetic journey, needless to say, was to sound out Democratic sentiment in the West and to suggest as disarmingly as possible that the leaders might do well to unite behind Governor Roosevelt in 1932.

And it was during that month of June, 1931, that President Hoover gave up waiting for economic conditions to improve of their own accord and began his real offensive against the Depression—began it with a statesmanlike stroke in international finance which seemed briefly to be victorious, and which failed in the end only because the processes of economic destruction were too powerful and too far developed to be overcome by any weapon in the Hoover armory. On the hot afternoon of Saturday, June 20, Hoover proposed an international moratorium in war reparations and war debts.

## § 2

For a long time past, as business slowed up in Europe, a sort of creeping paralysis had been afflicting European finance. Debts—national and private—which had once seemed bearable burdens had now become intolerably heavy; new financial credits were hardly being extended except to shore up the old ones; prices fell, anxiety spread, and the whole system slowed almost to a standstill. During the spring of 1931 the paralysis had become acute.

It is ironical, in retrospect, to note that what made it acute was an attempt on the part of Germany and Austria to combine for limited economic purposes—to achieve a customs union—and the fierce opposition of the French to any such scheme. Anything which might bring Germany and Austria together and strengthen them was anathema to the French, who little realized then the possible consequences of Central European bankruptcy.

Already the biggest bank in Austria, the Credit Anstalt, had been in a tight fix. When the altercation over the customs union still further increased the general uncertainty, the Credit Anstalt had been obliged to appeal to the none-too-solvent Austrian government for aid. Immediately panic was under way. Quickly it spread to Germany. In May and June, 1931, capital was fleeing both countries, foreign loans were being withdrawn, and a general collapse seemed imminent—a collapse which might cause the downfall of Germany's democratic government. For that cloud on the German horizon which in 1929 had seemed no bigger than a man's hand was now growing fast: Hitler's Brown Shirts were becoming more and more powerful.

On the sixth of May, 1931, when few Americans had the faintest idea of how critical the European financial situa-



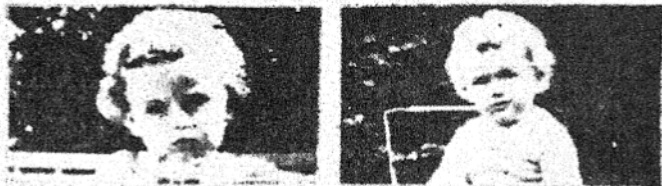
*Acme*

#### TICKER TAPE FOR BOBBY JONES

He disentangles himself from a streamer as he returns to New York on July 2, 1930, after winning two British golf championships. (Note Mrs. Jones's helmet-like hat and the almost perpendicular windshield of the car.)

# WANTED

INFORMATION AS TO THE  
WHEREABOUTS OF



## CHAS. A. LINDBERGH, JR.

OF HOPEWELL, N. J.

### SON OF COL. CHAS. A. LINDBERGH

World-Famous Aviator

This child was kidnaped from his home  
in Hopewell, N. J., between 8 and 10 p. m.  
on Tuesday, March 1, 1932.

#### DESCRIPTION:

Age, 20 months	Hair, blond, curly
Weight, 27 to 30 lbs.	Eyes, dark blue
Height, 29 inches	Complexion, light
Deep dimple in center of chin	
Dressed in one-piece coverall night suit	

ADDRESS ALL COMMUNICATIONS TO

COL. H. N. SCHWARZKOPF, TRENTON, N. J., or  
COL. CHAS. A. LINDBERGH, HOPEWELL, N. J.

ALL COMMUNICATIONS WILL BE TREATED IN CONFIDENCE

March 11, 1932

COL. H. NORMAN SCHWARZKOPF  
Supt. New Jersey State Police, Trenton, N. J.

LINDBERGH KIDNAPPING POSTER

Sent to police chiefs in 1400 American communities in March,  
1932

tion was becoming, the American Ambassador to Germany had dined with President Hoover at the White House; and since then the President, fearing that a collapse in Europe might have grave consequences to the United States, had been turning over in his mind the idea of an international moratorium—of postponing for a year all payments on inter-governmental debts, including the reparations which Germany was then obliged to pay and the war debts owed to the United States by her former European allies. Mr. Hoover had then begun a long period of consultation—with members of his Cabinet, with Federal Reserve officials, with ambassadors, with bankers. Always a terrific worker—at his desk before eight-thirty, taking only fifteen minutes for lunch unless he had White House guests, and often burning the lights in the Lincoln study late into the night—he now concentrated all the more fiercely. Before long he had drafted tentatively a moratorium statement, laboring over it so grimly that he broke pencil point after pencil point in the writing.

Yet he had delayed issuing it. The dangers of the scheme were apparent. Congress might object, and this would be fatal. Other nations, particularly proud and jealous France, might object. The budget-balancing on which he had set his heart might be imperiled by cutting off the debt payments to America. Furthermore such a proposal, by calling attention to the international panic, might accentuate rather than ease it. Meanwhile the storm in Europe spread. Hoover's advisers were pleading with him to act, but still he would not. He waited. In mid-June he was scheduled to go on a speaking trip through the Middle West (which included the somewhat dubious pleasure of speaking at the dedication of a memorial to President Harding); he went off with the proposal yet unmade, while almost hourly the inside news was relayed to him from Washington: the European collapse was accelerating.

By the time he got back to Washington it was clear that he must act at once or it would be much too late. He began telephoning senators and representatives to get their advance approval. Congress was not sitting, and the telephone operators had to catch for him men widely dispersed all over the country, on speaking trips, on motor trips, on golf courses, on fishing trips deep in the woods; one lawmaker, hearing that the White House wanted him, called it from a Canadian drugstore; another was reached just as he was about to rise for an after-dinner speech. Hour after hour the indefatigable Hoover sat at the telephone explaining to man after man what he wanted to do—and fearing that the news would leak before he could act. At last, on that broiling Saturday, June 20, the news was already leaking and he had to give out the announcement—with France still unconsulted.

He called the newspaper men to the White House and read them a long statement which contained both his proposal for an international moratorium and the names of 21 senators and 18 representatives who had already approved it. The newspaper men grabbed their copies and rushed for the telephones.

When the news was flashed over the world a chorus of wild enthusiasm arose. The stock market in New York leaped, stock markets in Europe rallied, bankers praised Hoover, editorial writers cheered; the sedate London *Economist* came out with a panegyric entitled "The Break in the Clouds" which called the proposal "the gesture of a great man"; and millions of Americans who had felt, however vaguely, that the government ought to "do something" and who had blamed Hoover for his inactivity, joined in the applause. Little as they might know about the international financial situation (which had been getting nowhere near as much space in the press as the Starr Faithfull mystery), this was action at last and they liked it. To the



worried President's surprise, he had made what seemed to be a ten-strike. It was the high moment of his Presidency.

Only the French demurred. Hoover sent his seventy-seven-year-old Secretary of the Treasury, Andrew Mellon, to reason with them, and exhausted the old man with constant consultations by transatlantic telephone. After a long delay—over two weeks—the French agreed to the plan with modifications, and the day appeared to have been saved.

### § 3

But it was not saved at all.

Presently panic in Germany became intensified; the big Danat Bank was closed. The panic spread to England. The pound sterling was now in danger. A new National Government, headed by the Laborite MacDonald but composed mostly of Tories, took office to save the pound—and presently abandoned it. When England went off the gold standard, every nation still on gold felt the shock, and most of them followed England into the new adventure of a managed currency.

In the United States this new shock of September, 1931, was sharp. The archaic American banking system, which had never been too strong even in more prosperous days, was gravely affected; all over the United States banks were collapsing—banks which had invested heavily in bonds and mortgages and now found the prices of their foreign bonds cascading, the prices of their domestic bonds sliding down in the general rush of liquidation, and their mortgages frozen solid. In the month of September, 1931, a total of 305 American banks closed; in October, a total of 522. Frightened capitalists were hoarding gold now, lest the United States too should go off the gold standard; safe-deposit boxes were being crammed full of coins, and many a mattress was stuffed with gold certificates.

American business was weakening faster than ever. In September the United States Steel Corporation—whose President, James A. Farrell, had hitherto steadfastly refused to cut the wage-rate—announced a ten-per-cent cut; other corporations followed; during that autumn, all over the United States, men were coming home from the office or the factory to tell their wives that the next pay check would be a little smaller, and that they must think up new economies. The ranks of the unemployed received new recruits; by the end of the year their numbers were in the neighborhood of ten millions.

So far, in a few months, had the ripples of panic and renewed depression spread from Vienna.

Again Hoover acted, and again his action was financial. Something must be done to save the American banking system, and the bankers were not doing it; the spirit of the day was *sauve qui peut*. Hoover called fifteen of the overlords of the banking world to a secret evening meeting with him and his financial aides at Secretary Mellon's apartment in Washington, and proposed to them that the strong banks of the country form a credit pool to help the weak ones. When it became clear that this would not suffice—for the strong banks were taking no chances and this pool, the National Credit Corporation, lent almost no money at all—Hoover recommended the formation of a big governmental credit agency, the Reconstruction Finance Corporation, with two billion dollars to lend to banks, railroads, insurance companies.

As the winter of 1931-32 arrived and the run on the country's gold continued, and it seemed as if the United States might presently be forced off the gold standard, Hoover issued a public appeal against hoarding and then proposed an alteration in Federal Reserve requirements which—embodied in the Glass-Steagall Act—eased this situation. Again with the idea of improving credit conditions,

he urged, and secured, the creation of a chain of home-loan discount banks, and the provision of additional capital for the Federal Land Banks. Steadily he fought against those measures which seemed to him iniquitous: he appeared before the American Legion and appealed to the members not to ask for the immediate cash payment of the rest of their Bonus money; he vetoed a bill for the distribution of direct Federal relief; and again and again he made clear his opposition to any proposals for inflation or for (in his own words) "squandering ourselves into prosperity."

Still the Depression deepened.

Already the pressure of events had pushed the apostle of rugged individualism much further toward state socialism than any previous president had gone in time of peace. Hoover's Reconstruction Finance Corporation had put the government deeply into business. But it was state socialism of a very limited and special sort. What was happening may perhaps be summed up in this way:—

Hoover had tried to keep hands off the economic machinery of the country, to permit a supposedly flexible system to make its own adjustments of supply and demand. At two points he had intervened, to be sure: he had tried to hold up the prices of wheat and cotton, unsuccessfully, and he had tried to hold up wage-rates, with partial and temporary success; but otherwise he had mainly stood aside to let prices and profits and wages follow their natural course. But no natural adjustment could be reached unless the burdens of debt could also be naturally reduced through bankruptcies. And in America, as in other parts of the world, the economic system had now become so complex and interdependent that the possible consequences of widespread bankruptcy—to the banks, the insurance companies, the great holding-company systems, and the multitudes of people dependent upon them—had become too appalling to contemplate. The theoretically necessary adjustment became a practically unbearable

adjustment. Therefore Hoover was driven to the point of intervening to protect the debt structure—first by easing temporarily the pressure of international debts without canceling them, and second by buttressing the banks and big corporations with Federal funds.

Thus a theoretically flexible economic structure became rigid at a vital point. The debt burden remained almost undiminished. Bowing under the weight of debt—and other rigid costs—business thereupon slowed still further. As it slowed, it discharged workers or put them on reduced hours, thereby reducing purchasing power and intensifying the crisis.

It is almost useless to ask whether Hoover was right or wrong. Probably the method he was driven by circumstances to adopt would have brought recovery very slowly, if at all, unless devaluation of the currency had given a fillip to recovery—and devaluation to Hoover was unthinkable. It is also almost useless to ask whether Hoover was acting with a tory heartlessness in permitting financial executives to come to Washington for a corporate dole when men and women on the edge of starvation were denied a personal dole. What is certain is that at a time of such widespread suffering no democratic government could *seem* to be aiding the financiers and *seem* to be simultaneously disregarding the plight of its humbler citizens without losing the confidence of the public. For the days had passed when men who lost their jobs could take their working tools elsewhere and contrive an independent living, or cultivate a garden patch and thus keep body and soul together, or go West and begin again on the frontier. When they lost their jobs they were helpless. Desperately they turned for aid to the only agency responsible to them for righting the wrongs done them by a blindly operating economic society: they turned to the government. How could

they endorse a government which gave them—for all they could see—not bread, but a stone?

The capitalist system had become so altered that it could not function in its accustomed ways, and the consequences of its failure to function had become too cruel to be borne by free men. Events were marching, and Herbert Hoover was to be among their victims, along with the traditional economic theories of which he was the obstinate and tragic spokesman.

#### § 4

As the second year of the Depression drew to an end and the third one began, a change was taking place in the mood of the American people.

"Depression," as Peter F. Drucker has said, "shows man as a senseless cog in a senselessly whirling machine which is beyond human understanding and has ceased to serve any purpose but its own." The worse the machine behaved, the more were men and women driven to try to understand it. As one by one the supposedly fixed principles of business and economics and government went down in ruins, people who had taken these fixed principles for granted, and had shown little interest in politics except at election time, began to try to educate themselves. For not even the comparatively prosperous could any longer deny that something momentous was happening.

The circulation departments of the public libraries were reporting an increased business, not only in the anodyne of fiction, but also in books of solid fact and discussion. As a business man of "Middletown" later told the Lynds, "Big things were happening that were upsetting us, our businesses, and some of our ideas, and we wanted to try to understand them. I took a lot of books out of the library and sat up nights reading them." Ideas were in flux. There

was a sharp upsurge of interest in the Russian experiment. Lecturers on Russia were in demand; Maurice Hindus's *Humanity Uprooted* and *New Russia's Primer* were thumbed and puzzled over; Ray Long, editor of Hearst's usually frivolous *Cosmopolitan* magazine, had gone to Moscow to sign up Soviet writers and gave a big dinner to a Russian novelist at the massively capitalistic Metropolitan Club in New York; gentle liberals who prided themselves on their open-mindedness were assuring one another that "after all we had something to learn from Russia," especially about "planning"; many of the more forthright liberals were tumbling head over heels into communism.

For more orthodox men and women, the consumption of Walter Lippmann's daily analysis of events—written for the New York *Herald Tribune* and syndicated all over the country—was becoming a matutinal rite as inevitable as coffee and orange juice. When the New York *World*—famous for its liberalism and the wit of its columnists—had ceased publication in February, 1931, Lippmann, its editor, had gone over to the *Herald Tribune* and to sudden national fame. Clear, cool, and orderly in his thinking, he seemed to be able to reduce a senseless sequence of events to sense; he brought first aid to men and women groping in the dark for opinions—and also to men and women who foresaw themselves else tongue-tied and helpless when the conversation at the dinner party should turn from the great Lenz-Culbertson bridge match to the Reconstruction Finance Corporation and the gold standard.

The autumn of 1931 brought also an outburst of laughter. When old certainties topple, when old prophets are discredited, one can at least enjoy their downfall. By this time people had reached the point of laughing at *Oh, Yeah*, a small book in which were collected the glib prophecies made by bankers and statesmen at the onset of the Depression; of relishing the gossipy irreverence of *Washington*

*Merry-Go-Round*, which deflated the reputations of the dignified statesmen of Washington; of getting belly-laughs from a new magazine, *Ballyhoo*, whose circulation rocketed to more than a million as it ridiculed everything in business and politics, even the sacred cow of advertising; and of applauding wildly the new musical comedy, "Of Thee I Sing," which made a farce of the political scene, represented a vice-president of the United States, Alexander Throttlebottom, as getting lost in a sight-seeing party in the White House, represented a presidential candidate as campaigning with Love as his platform, and garbled the favorite business slogan of 1930 into a slogan for newly-weds: "Posterity is just around the corner."

As Gilbert Seldes has noted, when Rudy Vallee, at the opening of George White's "Scandals" on September 13, 1931, sang softly

"Life is just a bowl of cherries.  
Don't make it serious.  
Life's too mysterious. . . ."

he summed up both the disillusionment and bewilderment of Depression, and the desire to take them, if possible, lightly.

## § 5

Statistics are bloodless things.

To say that during the year 1932, the cruelest year of the Depression, the average number of unemployed people in the country was 12½ million by the estimates of the National Industrial Conference Board, a little over 13 million by the estimates of the American Federation of Labor, and by other estimates (differently arrived at, and defining unemployment in various ways) anywhere from 8½ to 17 million—to say this is to give no living impression

of the jobless men going from office to office or from factory gate to factory gate; of the disheartening inevitability of the phrase, "We'll let you know if anything shows up"; of men thumbing the want ads in cold tenements, spending fruitless hours, day after day and week after week, in the sidewalk crowds before the employment offices; using up the money in the savings bank, borrowing on their life insurance, selling whatever possessions could be sold, borrowing from relatives less and less able to lend, tasting the bitterness of inadequacy, and at last swallowing their pride and going to apply for relief—if there was any to be got. (Relief money was scarce, for charitable organizations were hard beset and cities and towns had either used up their available funds or were on the point of doing so.)

A few statistical facts and estimates are necessary, however, to an understanding of the scope and impact of the Depression. For example:—

Although the amount of money paid out in interest during the year 1932 was only 3.5 per cent less than in 1929, according to the computations of Dr. Simon Kuznets for the National Bureau of Economic Research, on the other hand the amount of money paid out in salaries had dropped 40 per cent, dividends had dropped 56.6 per cent, and wages had dropped 60 per cent. (Thus had the debt structure remained comparatively rigid while other elements in the economy were subjected to fierce deflation.)

Do not imagine, however, that the continuation of interest payments and the partial continuation of dividend payments meant that business as a whole was making money. Business as a whole lost between five and six billion dollars in 1932. (The government figure for all the corporations in the country—451,800 of them—was a net deficit of \$5,640,000,000.) To be sure, most of the larger and better-managed companies did much better than that. E. D. Kennedy's figures for the 960 concerns whose earnings were



tabulated by Standard Statistics—mostly big ones whose stock was active on the Stock Exchange—show that these 960 leaders had a collective profit of over a third of a billion. Yet one must add that “better managed” is here used in a special sense. Not only had labor-saving devices and speed-ups increased the output per man-hour in manufacturing industries by an estimated 18 per cent since 1929, but employees had been laid off in quantity. Every time one of the giants of industry, to keep its financial head above water, threw off a new group of workers, many little corporations roundabout sank further into the red.

While existing businesses shrank, new ones were not being undertaken. The total of domestic corporate issues—issues of securities floated to provide capital for American corporations—had dropped in 1932 to just about *one twenty-fourth* of the 1929 figure.

But these cold statistics give us little sense of the human realities of the economic paralysis of 1932. Let us try another approach.

Walking through an American city, you might find few signs of the Depression visible—or at least conspicuous—to the casual eye. You might notice that a great many shops were untenanted, with dusty plate-glass windows and signs indicating that they were ready to lease; that few factory chimneys were smoking; that the streets were not so crowded with trucks as in earlier years, that there was no uproar of riveters to assail the ear, that beggars and panhandlers were on the sidewalks in unprecedented numbers (in the Park Avenue district of New York a man might be asked for money four or five times in a ten-block walk). Traveling by railroad, you might notice that the trains were shorter, the Pullman cars fewer—and that fewer freight trains were on the line. Traveling overnight, you might find only two or three other passengers in your sleeping car. (By contrast, there were more filling stations by the motor highways

than ever before, and of all the retail businesses in "Middletown" only the filling stations showed no large drop in business during the black years; for although few new automobiles were being bought, those which would still stand up were being used more than ever—to the dismay of the railroads.)

Otherwise things might seem to you to be going on much as usual. The major phenomena of the Depression were mostly negative and did not assail the eye.

But if you knew where to look, some of them would begin to appear. First, the breadlines in the poorer districts. Second, those bleak settlements ironically known as "Hoovervilles" in the outskirts of the cities and on vacant lots—groups of makeshift shacks constructed out of packing boxes, scrap iron, anything that could be picked up free in a diligent combing of the city dumps: shacks in which men and sometimes whole families of evicted people were sleeping on automobile seats carried from auto-graveyards, warming themselves before fires of rubbish in grease drums. Third, the homeless people sleeping in doorways or on park benches, and going the rounds of the restaurants for left-over half-eaten biscuits, piecrusts, anything to keep the fires of life burning. Fourth, the vastly increased number of thumbers on the highways, and particularly of freight-car transients on the railroads: a huge army of drifters ever on the move, searching half-aimlessly for a place where there might be a job. According to Jonathan Norton Leonard, the Missouri Pacific Railroad in 1929 had "taken official cognizance" of 13,745 migrants; by 1931 the figure had already jumped to 186,028. It was estimated that by the beginning of 1933, the country over, there were a million of these transients on the move. Forty-five thousand had passed through El Paso in the space of six months; 1,500 were passing through Kansas City every day. Among them were large numbers of young boys, and girls disguised as

boys. According to the Children's Bureau, there were 200,000 children thus drifting about the United States. So huge was the number of freight-car hoppers in the Southwest that in a number of places the railroad police simply had to give up trying to remove them from the trains: there were far too many of them.

Among the comparatively well-to-do people of the country (those, let us say, whose pre-Depression incomes had been over \$5,000 a year) the great majority were living on a reduced scale, for salary cuts had been extensive, especially since 1931, and dividends were dwindling. These people were discharging servants, or cutting servants' wages to a minimum, or in some cases "letting" a servant stay on without other compensation than board and lodging. In many pretty houses, wives who had never before—in the revealing current phrase—"done their own work" were cooking and scrubbing. Husbands were wearing the old suit longer, resigning from the golf club, deciding, perhaps, that this year the family couldn't afford to go to the beach for the summer, paying seventy-five cents for lunch instead of a dollar at the restaurant or thirty-five instead of fifty at the lunch counter. When those who had flown high with the stock market in 1929 looked at the stock-market page of the newspapers nowadays their only consoling thought (if they still had any stock left) was that a judicious sale or two would result in such a capital loss that they need pay no income tax at all this year.

Alongside these men and women of the well-to-do classes whose fortunes had been merely reduced by the Depression were others whose fortunes had been shattered. The crowd of men waiting for the 8:14 train at the prosperous suburb included many who had lost their jobs, and were going to town as usual not merely to look stubbornly and almost hopelessly for other work but also to keep up a bold front of activity. (In this latter effort they usually succeeded:

one would never have guessed, seeing them chatting with their friends as train-time approached, how close to desperation some of them had come.) There were architects and engineers bound for offices to which no clients had come in weeks. There were doctors who thought themselves lucky when a patient paid a bill. Mrs. Jones, who went daily to her stenographic job, was now the economic mainstay of her family, for Mr. Jones was jobless and was doing the cooking and looking after the children (with singular distaste and inefficiency). Next door to the Joneses lived Mrs. Smith, the widow of a successful lawyer: she had always had a comfortable income, she prided herself on her "nice things," she was pathetically unfitted to earn a dollar even if jobs were to be had; her capital had been invested in South American bonds and United Founders stock and other similarly misnamed "securities," and now she was completely dependent upon hand-outs from her relatives, and didn't even have carfare in her imported pocketbook.

The Browns had retreated to their "farmhouse" in the country and were trying to raise crops on its stony acres; they talked warmly about primal simplicities but couldn't help longing sometimes for electric light and running hot water, and couldn't cope with the potato bugs. (Large numbers of city dwellers thus moved to the country, but not enough of them engaged in real farming to do more than partially check the long-term movement from the farms of America to the cities and towns.) It was being whispered about the community that the Robinson family, though they lived in a \$40,000 house and had always spent money freely, were in desperate straits: Mr. Robinson had lost his job, the house could not be sold, they had realized on every asset at their command, and now they were actually going hungry—though their house still looked like the abode of affluence.

Further down in the economic scale, particularly in those

industrial communities in which the factories were running at twenty per cent of capacity or had closed down altogether, conditions were infinitely worse. Frederick E. Croxton's figures, taken in Buffalo, show what was happening in such communities: out of 14,909 persons of both sexes willing and able to work, his house-to-house canvassers found in November, 1932, that 46.3 per cent were fully employed, 22.5 per cent were working part time, and as many as 31.2 per cent were unable to find jobs. In every American city, quantities of families were being evicted from their inadequate apartments; moving in with other families till ten or twelve people would be sharing three or four rooms; or shivering through the winter in heatless houses because they could afford no coal, eating meat once a week or not at all. If employers sometimes found that former employees who had been discharged did not seem eager for re-employment ("They won't take a job if you offer them one!"), often the reason was panic: a dreadful fear of inadequacy which was one of the Depression's commonest psycho-pathological results. A woman clerk, offered piecework after being jobless for a year, confessed that she almost had not dared to come to the office, she had been in such terror lest she wouldn't know where to hang her coat, wouldn't know how to find the washroom, wouldn't understand the boss's directions for her job.

For perhaps the worst thing about this Depression was its inexorable continuance year after year. Men who have been sturdy and self-respecting workers can take unemployment without flinching for a few weeks, a few months, even if they have to see their families suffer; but it is different after a year . . . two years . . . three years. . . . Among the miserable creatures curled up on park benches or standing in dreary lines before the soup kitchens in 1932 were men who had been jobless since the end of 1929.

At the very bottom of the economic scale the conditions

may perhaps best be suggested by two brief quotations. The first, from Jonathan Norton Leonard's *Three Years Down*, describes the plight of Pennsylvania miners who had been put out of company villages after a blind and hopeless strike in 1931: "Reporters from the more liberal metropolitan papers found thousands of them huddled on the mountainsides, crowded three or four families together in one-room shacks, living on dandelions and wild weed-roots. Half of them were sick, but no local doctor would care for the evicted strikers. All of them were hungry and many were dying of those providential diseases which enable welfare authorities to claim that no one has starved." The other quotation is from Louise V. Armstrong's *We Too Are the People*, and the scene is Chicago in the late spring of 1932:—

"One vivid, gruesome moment of those dark days we shall never forget. We saw a crowd of some fifty men fighting over a barrel of garbage which had been set outside the back door of a restaurant. American citizens fighting for scraps of food like animals!"

Human behavior under unaccustomed conditions is always various. One thinks of the corporation executive to whom was delegated the job of discharging several hundred men: he insisted on seeing every one of them personally and taking an interest in each man's predicament, and at the end of a few months his hair had turned prematurely gray. . . . The Junior League girl who reported with pride a Depression economy: she had cut a piece out of an old fur coat in the attic and bound it to serve as a bathmat. . . . The banker who had been plunged deeply into debt by the collapse of his bank: he got a \$30,000 job with another bank, lived on \$3,000 a year, and honorably paid \$27,000 a year to his creditors. . . . The wealthy family who lost most of their money but announced bravely that they had "solved their Depression problem" by discharging fifteen



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**BONUS MARCHERS ON THE CAPITOL STEPS**  
The siege of the Senate at Washington, July, 1932



*Pictures, Inc.*

**THE OLD ORDER CHANGETH**

President Hoover and President-elect Roosevelt ride together to the Inauguration, March 4, 1933



of their twenty servants, and showed no signs of curiosity as to what would happen to these fifteen. . . . The little knot of corporation officials in a magnificent skyscraper office doctoring the books of the company to dodge bankruptcy. . . . The crowd of Chicago Negroes standing tight-packed before a tenement-house door to prevent the landlord's agents from evicting a neighbor family: as they stood there, hour by hour, they sang hymns. . . . The one-time clerk carefully cutting out pieces of cardboard to put inside his shoes before setting out on his endless job-hunting round, and telling his wife the shoes were now better than ever. . . . The man in the little apartment next door who had given up hunting for jobs, given up all interest, all activity, and sat hour by hour in staring apathy. . . .

It was a strange time in which to graduate from school or college. High schools had a larger attendance than ever before, especially in the upper grades, because there were few jobs to tempt any one away. Likewise college graduates who could afford to go on to graduate school were continuing their studies—after a hopeless hunt for jobs—rather than be idle. Look, for example, at a sample page of the first report of the Harvard College Class of 1932, made up in the spring of 1933. At first glance it would seem to testify to a remarkable thirst for further knowledge (I quote it verbatim, omitting only the names):

- does not give his occupation
- is studying abroad
- is a student at the Harvard Law School, 1st year
- is at the University of North Carolina, Chapel Hill, N. C.
- is a student in the Harvard Medical School, 1st year
- has not been heard from
- is a student in the Harvard Engineering School, 4th year
- is interested in the Communist movement
- is a student in the Harvard Law School, 1st year
- is a student in Harvard College

- is a student in the Harvard School of Architecture, 1st year
- is with the Cleveland Twist Drill Co.
- is a student in the Harvard School of Business Administration, 1st year
- is manufacturing neckwear
- is a student in the Harvard Graduate School of Arts and Sciences, 1st year
- is a student in the Harvard Law School, 1st year
- is a student in the Harvard Graduate School of Business Administration, 1st year
- is a student in Manhattan College

The effects of the economic dislocation were ubiquitous. Not business alone was disturbed, but churches, museums, theatres, schools, colleges, charitable organizations, clubs, lodges, sports organizations, and so on clear through the list of human enterprises; one and all they felt the effects of dwindling gifts, declining memberships, decreasing box-office returns, uncollectible bills, revenue insufficient to pay the interest on the mortgage.

Furthermore, as the tide of business receded, it laid bare the evidence of many an unsavory incident of the past. The political scandals which were being investigated in New York City by Samuel Seabury, for instance, came to light only partly as a result of a new crusading spirit among the citizenry, a wave of disgust for machine graft; it was the Depression, bringing failures and defaults and then the examination of corporate records, which had begun the revelations. The same sort of thing was happening in almost every city and town. As banks went under, as corporations got into difficulties, the accountants learned what otherwise might never have been discovered: that the respected family in the big house on the hill had been hand-in-hand with gangsters; that the benevolent company president had been living in such style only because he placed company orders

at fat prices with an associated company which he personally controlled; that the corporation lawyer who passed the plate at the Presbyterian church had been falsifying his income-tax returns. And with every such disclosure came a new disillusionment.

## § 6

On the evening of the first of March, 1932, an event took place which instantly thrust everything else, even the grim processes of Depression, into the background of American thought—and which seemed to many observers to epitomize cruelly the demoralization into which the country had fallen. The baby son of Colonel and Mrs. Charles A. Lindbergh was kidnapped—taken out of his bed in a second-story room of the new house at Hopewell, New Jersey, never to be seen again alive.

Since Lindbergh's flight to Paris nearly five years before, he had occupied a unique and unprecedented position in American life. Admired almost to the point of worship by millions of people, he was like a sort of uncrowned prince; and although he fiercely shunned publicity, everything he did was so inevitably news that the harder he tried to dodge the limelight, the more surely it pursued him. Word that he had been seen anywhere was enough to bring a crowd running; he was said to have been driven at times to disguise himself in order to be free of mobbing admirers. He now occupied himself as a consultant in aviation; late the preceding summer he and his wife, the former Anne Morrow, had made a "flight to the Orient" which Mrs. Lindbergh later described in lovely prose; and since his meeting with Dr. Alexis Carrel late in 1930 he had begun experiments in the construction of perfusion pumps which were to bring him a high reputation as a biological technician. His new house at Hopewell, remote and surrounded

by woods, had been built largely as a retreat in which the Lindberghs could be at peace from an intrusive world.

And now, suddenly, this peace was shattered. Within a few hours of the discovery that the Lindbergh baby's bed was empty—the blankets still held in place by their safety pins—a swarm of police and newspaper men had reached the house and were trampling about the muddy grounds, obliterating clues. And when the news broke in the next morning's newspapers, the American people went into a long paroxysm of excitement.

More police and reporters arrived; the nearest railroad station was transformed into a newspaper headquarters; news from Hopewell crowded everything else to the back pages of the papers; President Hoover issued a statement, the Governor of New Jersey held police conferences, anti-kidnapping bills were prepared by legislators in several states, the *New York Times* reported the receipt on a single day of 3,331 telephone calls asking for the latest news. Bishop Manning of New York sent his clergy a special prayer for immediate use, declaring, "In a case like this we cannot wait till Sunday." William Green asked members of the American Federation of Labor to aid in the hunt for the criminal. Commander Evangeline Booth urged all commanding officers of the Salvation Army to help, and referred to "the miraculous accomplishments with which God has honored our movement along these very lines through our lost and found bureau." Clergymen of three denominations prayed over the radio for the baby's deliverance. Wild rumors went about. Babies resembling the Lindbergh child were reported seen in automobiles all over the country. The proprietor of a cigar store in Jersey City brought the police on the run by reporting that he had heard a man in a telephone booth say something that sounded like a kidnapper's message. And the Lindberghs

received endless letters of advice and suggestion—the total running, in a few weeks, to one hundred thousand.

From day to day the drama of the search went on—the Lindberghs offering immunity to the kidnapper in a signed statement, giving out the pathetic details of the baby's accustomed diet, asking two racketeering bootleggers named Spitale and Bitz to serve as intermediaries with the underworld; and soon the chief actors in the Hopewell drama became as familiar to the American newspaper-reading public as if the whole country had been engaged in reading the same detective story. Mr. and Mrs. Oliver Whateley, the butler and his wife; Betty Gow, the nurse; Arthur Johnson, her sailor friend; Colonel Schwarzkopf of the New Jersey State Police; Violet Sharpe, the maid at the Morrrows' house, who committed suicide; and Dr. John F. Condon ("Jafsie"), the old gentleman in the Bronx who made the first personal contact with the kidnapper—these men and women became the subjects of endless conjectures and theorizings. When a stranger asked one, "Have they found the baby?" there was never an instant's doubt as to what baby was meant, whether the question was asked in New Jersey or in Oregon. One would hear a hotel elevator man saying out of the blue, to an ascending guest, "Well, I believe it was an inside job"—to which the guest would reply heatedly, "Nonsense, it was that gang in Detroit." If the American people had needed to have their minds taken off the Depression, the kidnapping had briefly done it.

On March 8, a week after the crime, old Dr. Condon—college lecturer and welfare worker in "the most beautiful borough in the world," as he called the Bronx—conceived the odd idea of putting an advertisement in the Bronx *Home News*, to the effect that he would be glad to serve as an intermediary for the return of the Lindbergh child. The next day he received a letter, misspelled in an odd Germanic way, containing an enclosure addressed to Col-

onel Lindbergh. He called up the house at Hopewell, was asked to open the enclosure, described some curious markings on it, and at once was asked to come and see Colonel Lindbergh—for those markings were identical with the code symbols on a ransom note which had been left on the window sill of the baby's room! On March 12, Dr. Condon received a note which told him to go to a hot-dog stand at the end of the Jerome Avenue elevated railroad. He found there a note directing him to the entrance of Woodlawn Cemetery. He presently saw a man in the shrubbery of the cemetery, and he went with this man to a bench near by, where they sat and talked. The kidnapper had a German or Scandinavian accent, called himself "John," and said he was only one of a gang.

Further negotiations—which left no doubt that "John" was indeed the kidnapper, or one of the kidnappers—led to the payment of \$50,000 in bills to "John" by Dr. Condon (accompanied by Colonel Lindbergh) in St. Raymond's Cemetery in the Bronx on April 2—whereupon "John" handed Dr. Condon a note which said that the baby would be found safe on a "boad" (meaning *boat*) near Gay Head on Martha's Vineyard. The Colonel made two flights there by plane and found no "boad"; clearly the information given was false.

Then on the evening of May 12, 1932, about six weeks after the kidnaping, the newsboys chanted extras in the streets once more: the child's body had been found by chance in a thicket near a road five and a half miles from the Lindbergh place. Whether he had been killed deliberately or accidentally would never be known; in any event, the kidnapper had chosen that spot to half-bury the little body.

"BABY DEAD" announced the tabloid headlines: those two words sufficed.

A great many Americans whose memories of other events

of the decade are vague can recall just where and under what circumstances they first heard that piece of news.

The story seemed to have reached its end, but still the reverberations of horror continued. Soon it was clear, not only that the kidnapper had added the cruelty of Lindbergh's hopeless search by plane to the barbarity of the original crime; not only that Gaston B. Means had wangled \$100,000 out of Mrs. McLean of Washington on the criminally false pretense that he could get the child back; but also that John Hughes Curtis of Norfolk, Virginia, who had induced Colonel Lindbergh to go out on a boat in Chesapeake Bay to make contact with the kidnappers, had concocted—for whatever reason—one of the most contemptible hoaxes ever conceived. These revelations, coming on top of the shock of seeing the Lindberghs forced to deal with representatives of the underworld (as if the underworld were quite beyond the law), brought thunders of dismay from preachers, orators, editorial-writers, columnists: there was something very rotten indeed in the State of Denmark. And the tragic sense that things were awry was deepened.

There the Lindbergh case rested in 1932. But we must go ahead of our history to recount the sequel. It came over twenty-eight months later, on September 19, 1934, when the kidnapper was arrested. Ironically, one of the things which facilitated his capture was that in the meantime the New Deal had come in, the United States had gone off the gold standard, and the gold certificates which had been handed over to the kidnapper had become noticeable rarities.

The kidnapper proved to be not a member of the organized underworld but a lone criminal—a fugitive felon from Germany, illegally in the United States—one Bruno Richard Hauptmann. He was arrested in the Bronx, was tried at the beginning of 1935 at the Hunterdon County Court

House at Flemington, New Jersey, was convicted, and—after an unsuccessful appeal and a delay brought about by the inexplicable unwillingness of Governor Harold Hoffman of New Jersey to believe in his guilt—was electrocuted on April 3, 1936.

The evidence against Hauptmann was overwhelming. Leaving aside the possibly debatable identifications of him and other dubious bits of evidence, consider these items alone: 1. Hauptmann lived in the Bronx, where Dr. Condon's advertisement had appeared, where Dr. Condon had met "John" and where "John" had received the ransom money. 2. The numbers of the ransom bills had been recorded: many of these bills had been passed in parts of New York City accessible to a resident of the Bronx; it was the passing of one by Hauptmann in a Bronx garage which led to his arrest. 3. When arrested, Hauptmann had a \$20 ransom bill on his person. 4. No less than \$14,600 in ransom bills was found secreted in his garage. 5. He was a German, his tricks of speech corresponded roughly to those in the ransom letters, he had once used in an account book the spelling "boad," and he used other misspellings and foreign locutions like those in the ransom notes. 6. His handwriting was similar to those in the notes. 7. He had had no regular means of support after March 1, 1932, but had nevertheless spent money freely and had had a brokerage account of some dimensions (with which he was quite unsuccessful). 8. His story of how he got his money, through an alleged partnership in a fur business with one Frisch, and how he kept it in a shoe box on a shelf, was vague and unconvincing. 9. Furthermore, the kidnapper had left behind, at Hopewell, a ladder of odd construction. An expert from the Department of Agriculture, Arthur Koehler, not only found, from the sort of wood used in the making of this ladder and from peculiarities in its cutting, that it had been a part of a shipment to a Bronx firm, but



also that irregularities in the planing of it corresponded to irregularities in a plane in Hauptmann's possession. 10. Finally, one piece of the wood used in the ladder fitted precisely a piece missing from a floor board in Hauptmann's attic, even the old nail holes in it matching to a fraction of an inch!

## § 7

Down, down, down went business.

Calvin Coolidge, who had been the chief patron saint of the prosperity of the nineteen-twenties, paced in unhappy bewilderment about the lawn at "The Beeches," his Northampton estate. One day he dropped in at his barber's for his monthly haircut. "Mr. Coolidge," said the barber deferentially, "how about this depression? When is it going to end?" "Well, George," said the ex-President, "the big men of the country have got to get together and do something about it. It isn't going to end itself. We all hope it will end, but we don't see it yet."

Andrew Mellon, who had been shunted into the Ambassadorship to the Court of St. James's to give Ogden Mills, a younger and livelier man, a chance to run the Treasury, no longer wore the halo in Wall Street which had once been his; when he left the Treasury the stock market—which in other years would have expressed itself sharply—never wavered; yet Mellon had been one of those "big men" of the country to whom Coolidge presumably referred, a man of vast wealth, financial acumen, financial prestige. What did he have to say? In the spring of 1932 he spoke in London. "None of us has any means of knowing," said he, "when and how we shall emerge from the valley of depression in which the world is traveling. But I do know that, as in the past, the day will come when we shall find ourselves on a more solid economic foundation

and the onward march of progress will be resumed." And again, before the International Chamber of Commerce: "I do not believe in any quick or spectacular remedies for the ills from which the world is suffering, nor do I share the belief that there is anything fundamentally wrong with the social system under which we have achieved, in this and other industrialized countries, a degree of economic well-being unprecedented in the history of the world. . . ."

Not much satisfaction there for men and women in trouble!

A few months later another great man of finance spoke in London—Montagu Norman, governor of the Bank of England. Even making allowance for the hopeful passages in his address, and for British self-deprecation, those who read his cabled remarks got a shock from them. Speaking of the world-wide economic crisis, he said: "The difficulties are so vast, the forces so unlimited, so novel, and precedents are so lacking, that I approach this whole subject not only in ignorance but in humility. It is too great for me."

Didn't *he* know either?

Nor did Wall Street seem to have any answer. The men of Wall Street were complaining that the trouble lay in a "lack of confidence" (how often had we all heard, how often were we all to hear those hoary words parroted!); and that this lack of confidence arose from fear of inflation and from the unpredictable and dangerous behavior of Congress, which was all-too-lukewarm about balancing the Federal budget and was full of unsound notions. The defenders of the old order seemed as bewildered as any one else; they didn't know what had hit them. Said a banker noted for his astuteness, in a newsreel talk, "As for the cause of the Depression, or the way out, you know as much as I do." And Charles M. Schwab of Bethlehem Steel, who had once been unfailingly optimistic, was quoted as saying at a lunch-

eon in New York, ". . . I'm afraid, every man is afraid. I don't know, we don't know, whether the values we have are going to be real next month or not."

The astrologers and fortunetellers were in clover; Evangeline Adams and Dolores were getting letters by the basketful—and from financiers as well as from those of humbler station. When all other prophets failed, why not try the stars?

The spring of 1932 was a bad season for financial reputations. On that very March 12 when "Jafsie" met Hauptmann and talked with him beside Woodlawn Cemetery, a strange thing happened in Paris: one of the supposed miracle workers of international industry and finance, the Swedish match king, Ivar Kreuger, carefully drew the blinds of the bedroom in his apartment in the Avenue Victor Emmanuel III, smoothed the covers of the unmade bed, lay down, and shot himself an inch below the heart. During the following weeks, out trickled the story behind the suicide: that Kreuger's operations had been fraudulent, and that he had readily deceived with false figures and airy lies the honorable members of one of the most esteemed American financial houses. On April 8 Samuel Insull, builder of a lofty pyramid of public-utility holding companies—that same Insull of whom it had been said, only a few years before, that it was worth a million dollars to anybody to be seen talking with him in front of the Continental Bank—went to Owen D. Young's office in New York, confronted there Mr. Young and a group of New York bankers, was told that the jig was up for him, and said sadly, "I wish my time on earth had already come"; Insull's house of cards, too, had gone down. A Senate investigation was beginning to show up the cold-blooded manipulations by which stocks had been pushed up and down in the stock market by corporate insiders of wealth and prominence and supposed responsibility. The president of Hoover's Reconstruction

Finance Corporation, Charles G. Dawes, had to resign and hurry to Chicago in order that the Corporation might authorize the lending of ninety million dollars to save his bank, caught in a Chicago banking panic. Rumors of all sorts of imminent collapses were going about. Of whom and of what could one be sure?

By the middle of 1932 industry was operating at less than half its maximum 1929 volume, according to the Federal Reserve Board's Adjusted Index of Industrial Production: the figure had fallen all the way from 125 to 58. Cotton was selling below 5 cents, wheat below 50 cents, corn at 31 cents; bond prices had taken a headlong tumble; and as for the stock market, once the harbinger of so many economic blessings, it had plumbed such depths as to make the prices reached at the end of the Panic of 1929 look lofty by comparison. Here are a few comparisons in tabular form:—

	<i>High Price on Sept. 3, 1929</i>	<i>Low Price on Nov. 13, 1929 after the Panic</i>	<i>Low Price for 1932</i>
American Telephone.....	304	197½	70¼
General Electric.....	396¾	168½	34*
General Motors.....	72¾	36	7⅝
New York Central.....	256⅝	160	8¾
Radio.....	101	26	2½
U. S. Steel.....	261¾	150	21¼

\* Adjusted to take account of a split-up in the meantime. The actual price was 8¼.

Thus spoke the stock market, that "sensitive barometer" of the country's economic prospects. Thus had departed the hopes of yesteryear. Was there no savior anywhere in sight?