The Great Depression as Historical Problem
Author(s): Michael A. Bernstein
Source: *Magazine of History*, Vol. 16, No. 1, The Great Depression (Fall, 2001), pp. 3-10
Published by: Organization of American Historians
Stable URL: http://www.jstor.org/stable/25163480
Accessed: 17/04/2010 16:52

The Great Depression as Historical Problem

Michael A. Bernstein

It is now well over a half-century since the Great Depression of the 1930s, the most severe and protracted economic crisis in American history. To this day, there exists no general agreement about its causes, although there tends to be some consensus regarding its consequences. Those who at the time argued that the depression was symptomatic of a profound weakness in the mechanisms of capitalism were only briefly heard. After World War II, their views appeared hysterical and exaggerated, as the industrialized nations sustained dramatic rates of growth and as the economics profession became increasingly preoccupied with the development of Keynesian theory. As a result, the economic slump of the interwar period came to be viewed as a policy problem rather than the outgrowth of fundamental tendencies of capitalism. The presumption was that the Great Depression could never be repeated owing to the increasing sophistication of economic analysis and policy formulation. Indeed, the belief became commonplace that the business cycle was "tamed" and "obsolete."

The erratic performance of the American economy during the 1970s and 1980s and more recent challenges associated with globalization have made this notion itself obsolete. Entirely new varieties of economic thinking have emerged, asserting that the government cannot alter levels of real output except under exceptional circumstances. Indeed, confidence in the "Keynesian Revolution" has been shaken, and a new "classicism" has come to prominence in economic thought.

In this climate of economic opinion, it is important to remember that the postwar optimism for Keynesian economics emerged at a time of dramatic reconstruction in the world economy and concomitant prosperity in the United States. Such hope had been absent in the decade of the Great Depression, and even during the war years there had been apprehension that a return to depression would come close on the heels of victory. But the high growth rates of the fifties and sixties obscured the prewar debates and dissolved for the moment any fears of a return to hard times.

Yet far from being resolved, the concerns and misgivings of the depression and war years simply faded from view. It has by now long been fashionable to claim that "Keynes is dead," and few economists choose to engage with the ideas of an older generation who struggled to understand devastating events at a time when orthodox theories and remedies no longer sufficed. Indeed, the vast majority of contemporary economists have grown decidedly hostile to arguments concerning the Great Depression that do not focus on the short run or on policy failure. In this respect, they have avoided the structural, institutional, and long-run perspectives more characteristic of the work of their forebears who sought to situate the Great Depression within a historical framework that spanned several decades or more. By so doing, they have lost an appreciation not simply of some possible causes of the Great Depression itself, but also of the subsequent development and performance of the American economy since mid-century. It is for this reason that I seek, through a reassessment of these older analytical approaches, to persuade you of the insight afforded by an understanding of "The Great Depression as Historical Problem."

Trends in the Literature

The older literature concerning the Great Depression in the United States may be broadly classified into three categories. One set argued that the severity and length of the downturn was the direct result of the collapse of financial markets that began in 1929. Such work emphasized the causes of the 1929 crash and those factors that amplified its impact. Another school of thought concluded that the economic calamity of the 1930s was the direct result of poorly formulated and politically distorted actions undertaken by the government. A third set of research took a broader

The challenge for those of us who teach about this profound economic crisis is to find substantive ways in which to link the economics of the interwar years with the personal and social experience of contemporaries.

perspective and attempted to analyze the depression in a long-run context. It suggested that whatever the origins of the slump, the reasons for its unparalleled length and severity predated and transcended the events of 1929.

The Stock Market Crash as Cause

All short-run analyses of the Great Depression shared a common attribute. They focused on the immediate causes and impacts of the New York Stock Market collapse of 1929, and they asserted that the resulting devaluation of wealth and disruption of the banking system explained the intensity of the crisis. The "business confidence" thesis was perhaps the best example of this school of thought. It held that regardless of the mechanisms that caused the collapse, the dramatic slide of the stock market created intensely pessimistic expectations in the business community. The shock to confidence was so severe and unexpected that a dramatic panic took hold, stifling investment and thereby a full recovery.

A more comprehensive formulation of the short-run argument directly confronted the question of why financial markets collapsed. Looking to the political and institutional distortions created by the Treaty of Versailles, some writers (such as Irving Fisher and Lionel Robbins) argued that the depression was the inevitable consequence of the chaotic and unstable credit structure of the twenties. The principal irritant consisted of a dangerous circle of obligations and risks, epitomized by the Dawes Plan of 1924, in which the United States lent funds to Great Britain, France, and Germany, at the same time the Allies depended on German reparations to liquidate their American debts. By 1928 American banks were already quite wary of the situation, but their predictable response, cutting back on loans to European governments, merely made the situation worse.

Moreover, the demise of the gold standard in international trade and demands that Germany make reparations payments in gold created a net gold flow into the United States that led to a veritable explosion of credit. Extremely unstable credit arrangements thereby emerged in the twenties, and once the crash came, the collapse of the banking system was quick to follow. Thus excessive credit and speculation, coupled with a weak banking network, caused the Great Depression.

Another version of the short-run approach concerned the immediate effects of the crash on consumer wealth and spending. The severity of the downturn, it was argued, resulted in a drastic devaluation of consumer wealth and a loss of confidence in credit. The resulting decreases in purchasing power left the economy saddled with excess capacity and inadequate demand.

None of these short-run arguments were completely convincing. Because the business confidence thesis was subjective, it was virtually impossible to evaluate in the light of historical evidence. There was also the objection that notions like these mistook effect for cause; the economic circumstances of the thirties may have *generated* pessimism and panic, rather than being *caused* by such feelings.

Later economists frequently rejected the excessive credit and speculation argument on the grounds that it abstracted too boldly from real rather than monetary events in the interwar economy. Indeed, business cycle indicators turned down before the stock market crashed. Indices of industrial production started to fall by the summer of 1929, and a softness in construction activity was apparent in 1928. Such critics as John Kenneth Galbraith held that "cause and effect run from the economy to the stock market, never the reverse. Had the economy been fundamentally sound in 1929 the effect of the great stock market crash might have been small . . . the shock to confidence and the loss of spending by those who were caught in the market might soon have worn off."

As for the wealth and spending hypothesis, the evidence did not provide compelling proof. The dramatic decline in consumption expenditures after 1929 may have been due to the stock market debacle; it may have arisen once expectations had been dampened by the events after 1929; or it may have been an outgrowth of a declining trend in construction activity and in farm incomes during the twenties. But even recent investigations have been incapable of unambiguously explaining a large portion of the decline in spending. We can speak of a drop, but we cannot say for sure why it happened.

Policy Errors as Cause

Another approach to understanding the Great Depression evaluated the extent to which the slump was the result of systematic policy errors. According to this school of thought, inadequate theory, misleading information, and political pressures distorted the policy-making process. Such investigators as Melvin Brockie, Kenneth Roose, and Sumner Slichter maintained that from 1932 onward the American economy showed great potential for recovery, only to be set back profoundly by the 1936 recession. They asserted that the New Deal's Industrial Codes raised labor costs and material input prices, thus negating whatever monetary stimulus existed. The rhetoric and ideology of the Roosevelt Administration may have further contributed to the downturn by jeopardizing the confidence of the business community. Not surprisingly, several investigators labeled the downturn of 1936-1937 the "Roosevelt Recession."

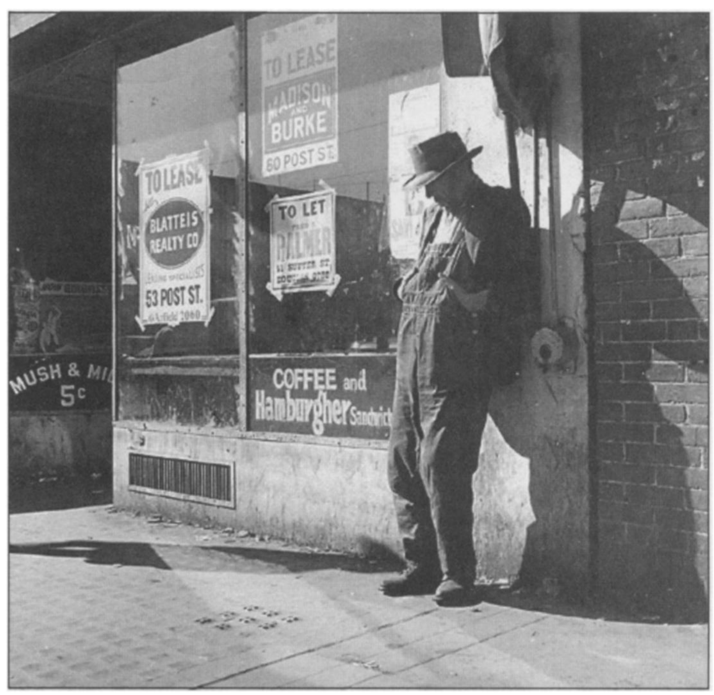
It was not solely criticisms of actual government policy in which these writers indulged to explain the depression's unusual severity. In some cases they also criticized the government for not doing enough. They maintained that the private sector moved too quickly in the mid 1930s in raising prices. As a result, by 1937 consumers increasingly resisted higher prices as they sought to liquidate the large debt incurred earlier in the decade and to maintain their savings in uncertain times. The average propensity to consume subsequently fell, and a recession took hold. Pro-competitive policies presumably were the solution, but government action (such as the creation of the Temporary National Economic Committee to Investigate the Concentration of Economic Power) was too little, too late, and was often inspired more by political than economic concerns.

The notion that the Great Depression was essentially an outgrowth of policy failures was problematic at best. To be sure, one could with the benefit of hindsight engage in some forceful criticism of economic policy during the 1930s. But it seems a futile exercise. After all, in many respects the Roosevelt Administration (especially the Board of Governors of the Federal Reserve System) did what many of its predecessors had done in the face of a cyclical downturn. One must ask, therefore, how government officials suddenly became so inept in the interwar period. Moreover, the question remains: why were traditional policies that had seemingly worked in the past and that represented a theoretical consensus among generations of economists suddenly so perverse in the 1930s? What had changed in the structure and operation of the national economy in the interwar period that made orthodox economic theory and policy inadequate?

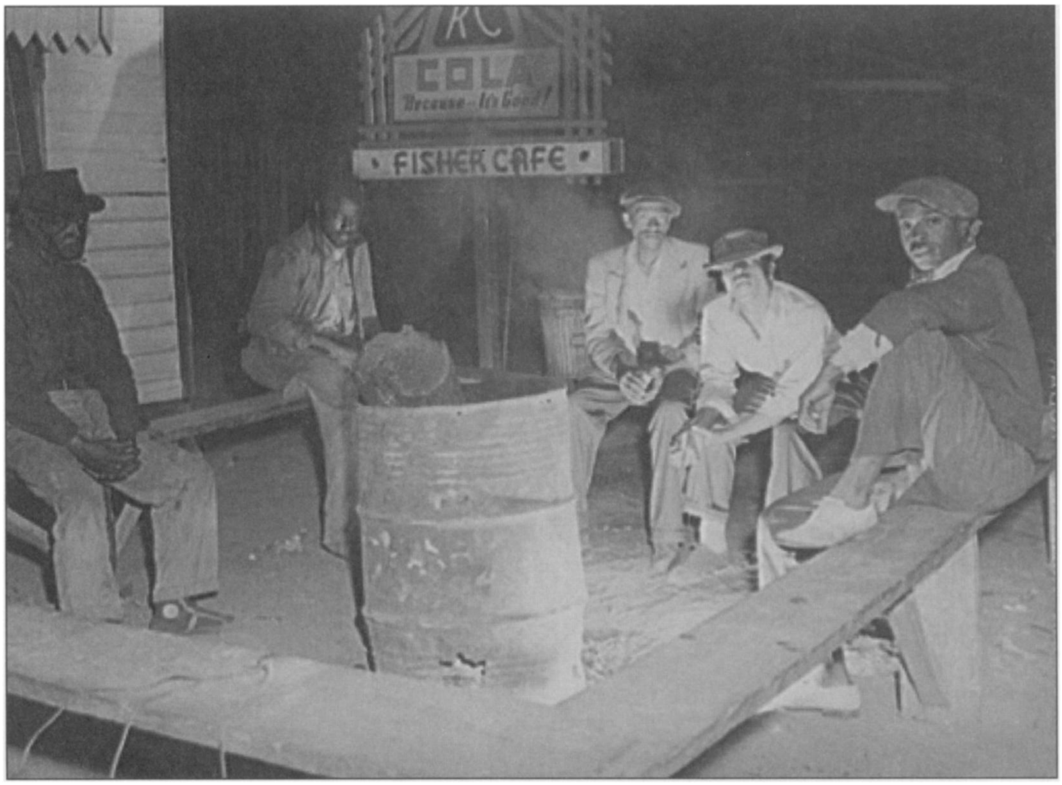
Long-Run Factors as Cause

The literature that focused on long-run factors in the American depression was distinctive in holding that the stock market crash of 1929 was less important than certain developments in the economy that had deleterious impacts throughout the interwar period. Some authors (for example, Seymour Harris and Paul Sweezy) argued that during the 1920s the distribution of national income became increasingly skewed, lowering the economy's overall propensity to consume. Others, such as Charles Kindleberger, W. Arthur Lewis, and Vladimir Timoshenko, focused on a shift in the terms of trade between primary products and manufactured goods, due to the uneven development of the agricultural and industrial nations. This change in the terms of trade, they argued, created a credit crisis in world markets during the bad crop yields of 1929 and 1930. At the same time that agricultural economies were losing revenue because of poor harvests and declining world demand, the developed economies were contracting credit for the developing nations and imposing massive trade restrictions such as America's Hawley-Smoot Tariff of 1930. As the agricultural nations went into a slump, the industrialized countries (most notably the United States) lost a major market for their output. Hence, the downturn of 1929 became more and more severe.

Industrial organization economists (Adolf Berle and Gardiner Means most prominent among them) sought an explanation of the depression in the trend toward imperfect competition in the American economy of the early twentieth century. After the crash of 1929, prices became increasingly inflexible, due to the concentrated structure of American industry and the impact of labor



An unemployed worker stands outside a vacant store, 1930s. Photograph by Dorothea Lange for the Farm Security Administration. (Courtesy of the Franklin D. Roosevelt Presidential Library.)



"Negro laborers sitting around in front of fire." Belle Glade, Florida, February 1941. Photograph by Marion Post Wolcott. (Courtesy of the Library of Congress, LC-USF34-057095-D.)

unions. On the one side, these "sticky prices" further limited the already constrained purchasing power of consumers. On the other, noncompetitive pricing predominated in the capital goods sector, meaning producers were less willing to buy new plants and equipment. Price inflexibility thus inhibited the recovery of both final product demand and investment demand.

There were several weaknesses in these theories. Those authors who focused on an increasingly unequal distribution of income did not marshal unambiguous evidence to make their case, nor did they specify precisely how such factors came to life in the interwar economy. While Berle and Means claimed to have demonstrated a relative price inflexibility in concentrated economic sectors during the 1930s, their critics were unconvinced. Given that the aggregate price level fell by one-third in the early thirties, they argued, how inflexible could the general price system have been? The "sticky prices" thesis also relied on an assumption of perfect competition in all markets other than those where the imperfections existed. If this assumption were relaxed, the thesis did not hold.

The terms of trade argument similarly had a major flaw. The major weaknesses in the American economy of the interwar period were domestic, and the collapse of demand on the part of agricultural nations was not highly relevant. During the 1920s, exports as a share of the nation's gross national product had annually averaged only a bit over 5 percent. A fall in export demand, then, could not have played a major role in worsening or prolonging the Great Depression.

Theories of Economic Stagnation

Continued research on the Great Depression necessarily relied upon the work of Joseph Schumpeter on cyclical processes in modern economies. Schumpeter held that the interwar period was an era in which three major cycles of economic activity in the United States (and Europe) coincidentally reached their nadir. These cycles were 1) the *Kondratieff*, a wave of fifty or more years associated with the introduction and dispersion of major inventions; 2) the *Juglar*, a wave of approximately ten years' duration that appeared to be linked with population movements; and 3) the *Kitchin*, a wave of about forty months' length that had the appearance of a typical inventory cycle.

Schumpeter's efforts were paralleled by those of Simon Kuznets and, more recently, Moses Abramovitz and Richard Easterlin. Kuznets was successful in documenting the existence of waves of some fifteen to twenty years in length. These periodic swings, according to Abramovitz, demonstrated that in the United States and other industrialized countries, "development during the nineteenth and early twentieth centuries took the form of a series of surges in the growth of output and in capital and labor resources followed by periods of retarded growth." Significantly, "each period of retardation in the rate of growth of output . . . culminated in a protracted depression or in a period of stagnation in which business cycle recoveries were disappointing, failing to lift the economy to a condition of full employment or doing so only transiently." The specific behavioral mechanisms that could account for the Kuznets phenomenon (and its precise manifestation in the United States in the 1930s) were necessarily the focus of continued debate. It is in this context that we can understand the large literature on "secular stagnation."

In general, stagnation theorists agreed that stagnation, or economic maturity, as it was sometimes called, involved a "decrease of the rate of growth of heavy industries and of building activity . . . [and] the slowing down of the rate of growth of the total quantity of production, of employment, and usually of population.

It [also involved] the rising relative importance of consumer goods." However, they differed in emphasis, falling into two broadly defined groups: those who focused on the decline of new technologies and those who were more concerned with the shrinkage of investment outlets as the rate of population growth fell. Followers of this second school held that as population growth fell off, and as major markets in housing, clothing, food, and services consequently contracted, outlets for new investment were quickly limited.

Both variants of stagnation theory had limitations. For one, arguments concerning economic maturity and population growth conflated population with effective demand. As one critic put it: "[i]t is sometimes maintained that the increase in population encourages investment because the entrepreneurs anticipate a broadening market. What is important, however, in this context is not the increase in population but in purchasing power. The increase in the number of paupers does not broaden the market."

Much like the population theory, the variant of stagnation theory that focused on the decline of technological change embodied many inconsistencies and questionable assertions. Proponents of this school claimed that the lower rate of technological innovation (said to be a primary cause of the economy's inability to recover from the depression) derived from the state of technological knowledge at the time, yet they offered little justification of this position. A further objection to the technology argument was apparent to some of the stagnation theorists themselves. Their work contained an implicit assumption that new innovations were always of the capital-using type, but if innovations were capital-saving, their argument foundered. Heavy investment (in railroads, motor cars, and housing, for example) during earlier stages of economic growth may have given way in later periods to newer forms of investment in managerial technique and information processing. These latter innovations may not have absorbed very large amounts of investment expenditure at all. While they may have improved the organization and efficiency of production, their impact on spending would not have been adequate to the task of systematic recovery.

The Work of Josef Steindl

It was the Austrian economist Josef Steindl who provided the most sophisticated version of the economy maturity idea. Not surprisingly, he did so in part by explicitly situating the Great Depression in the United States within a long-term development framework. His work linked economic stagnation directly with the behavior of capitalist enterprise, thereby avoiding the mechanistic qualities of many of the stagnation arguments as well as their frequent appeals to external factors. Steindl's version of the maturity thesis was that long-run tendencies toward capital concentration, inherent in capitalist development over time, led to a lethargic attitude toward competition and investment. Specifically, the emergence of concentrated markets prevented the utilization of excess capacity that is required for an economic revival.

Price inflexibility in concentrated industries is intensified during depressions, and this has an important impact on the response of firms to economic fluctuations. Firms' revenues tend to be so jeopardized in a slump that price reduction seems unfeasible. There may even be incentives to raise prices in order to compensate for the reduction in sales. For a given industry, therefore, the impact of a decline in the growth rate will depend on the extent to which the industry is concentrated. In a sector where the squeezing out of competitors is relatively easy, large declines in demand will result in the reduction of profit margins for each firm as prices are cut. By contrast, in a concentrated market, profit margins will tend to be inelastic in the face of lowered demand.

At the macroeconomic level the implications of inelastic profit margins are most profound. In these circumstances, price reductions do not compensate for declines in the rate of growth, and thus companies tend to reduce their rate of capacity utilization. Reductions in capacity utilization imply not only declines in national income but also increases in unemployment. In the presence of underutilized capacity, firms will be increasingly disinclined to undertake any net investment. A cumulative process is thereby established wherein a decline in the rate of growth, by generating reductions in the rate of capacity utilization, will lead to a further decline in the rate of expansion as net investment is reduced. Individual firms, by believing that decreases in their own investment will alleviate their own burden of excess capacity, merely intensify the problem economy-wide. The greater the proportion of the nation's industry that is highly concentrated, the greater the tendency for a cyclical downturn to develop into a progressive (and seemingly endless) decline.

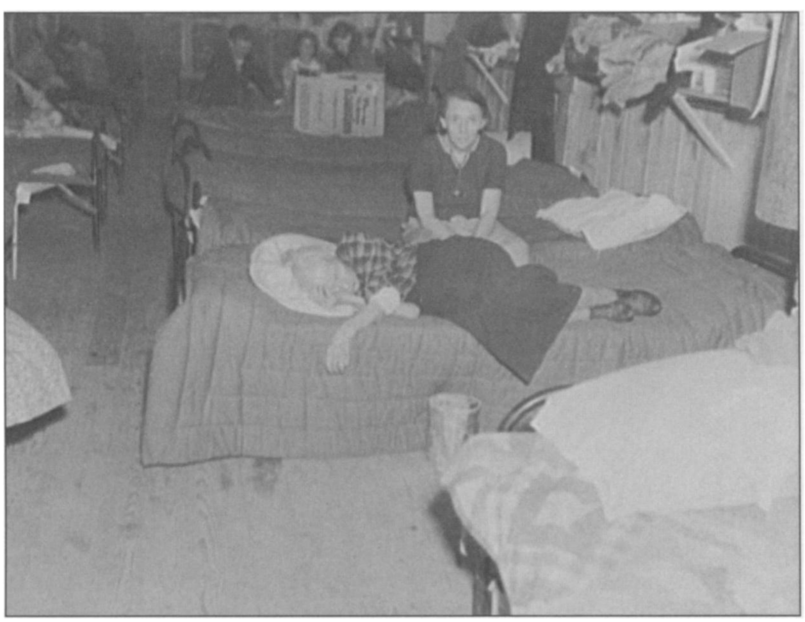
A further consequence of the existence of highly concentrated sectors in the national economy is the impact it has on demand. The higher profit margins secured by large firms are indicative of an increasingly skewed distribution of output that, when combined with the reluctance of firms to invest (or otherwise spend) their revenues, generates a rising aggregate marginal propensity to save. Declining effective demand is combined with rising excess capacity when a slump occurs. The potential for recovery, barring the intervention of exogenous shocks, government spending, or the penetration of foreign markets, is therefore greatly lessened.

What is central to Steindl's thesis is the concept of long-term alterations in industrial structure that make the economy as a whole less capable both of recovering from cyclical instability and of generating continued growth. He assumed the emergence of oligopolistic market structure to be inherent in the process of capitalist development, because of capitalism's tendencies toward the development of large-scale manufacturing techniques and financial concentration. Economic maturity and the threat of stagnation result because the growing incidence of "[o]ligopoly brings about a maldistribution of funds by shifting profits to those industries which are reluctant to use them." In order to escape stagnation, capital must be redistributed either to more competitive sectors or new industries.

Indeed, during the Great Depression, some members of Roosevelt's "Brain Trust," such as Rexford Tugwell, argued forcefully for the imposition of an "undistributed profits tax" to prevent the accumulation of corporate surpluses. The incentive of the tax, it was claimed, would lead firms to issue more of their surpluses in the form of productive investment or dividends. As a result, the mobilization of capital resources would be more efficient and more likely to generate recovery. Embedded in the Revenue Act of 1936, the undistributed profits tax proved to be one of the most unpopular and controversial pieces of legislation to emerge from the New Deal, and it was repealed in 1938.

Interestingly enough, there exists no clear relationship between stagnation and concentration in American industry during the Great Depression. By applying a static conception of market structure, investigators have tended to focus on the number of firms in an industry as the primary determinant of a sector's competitiveness. Yet, as I discovered in my own research, some highly concentrated industries were relatively vibrant during the decade, while others appeared virtually moribund. Clearly, the evidence concerning market structure was a frail reed upon which Steindl based his theory. Whether a given industry is dynamic or not involves several issues unrelated to the number of firms or the extent of capital concentration issues having to do with the industry's position in the economy's input-output matrix, the durability of its output, and the relative maturity of the industry with respect to the shifting composition of the economy as a whole.

The weaknesses in Steindl's analysis do not, of course, obscure the importance of his contribution to an understanding of the Great Depression in particular, and of mature capitalist economies in general. That importance derives from the fact that Steindl attempted to situate the decade of the thirties within a larger historical framework. In this context, he could view the Great Depression as the outcome of an interaction between cyclical forces dating from 1929 and tendencies of long-run development spanning a half-century or more. In short, he was thus able to understand the Great Depression as a historical problem.



"Flood refugees." Mayfield, Kentucky, February 1937. Photograph by Walker Evans. (Courtesy of the Library of Congress, LC-USF34-008217-D.)

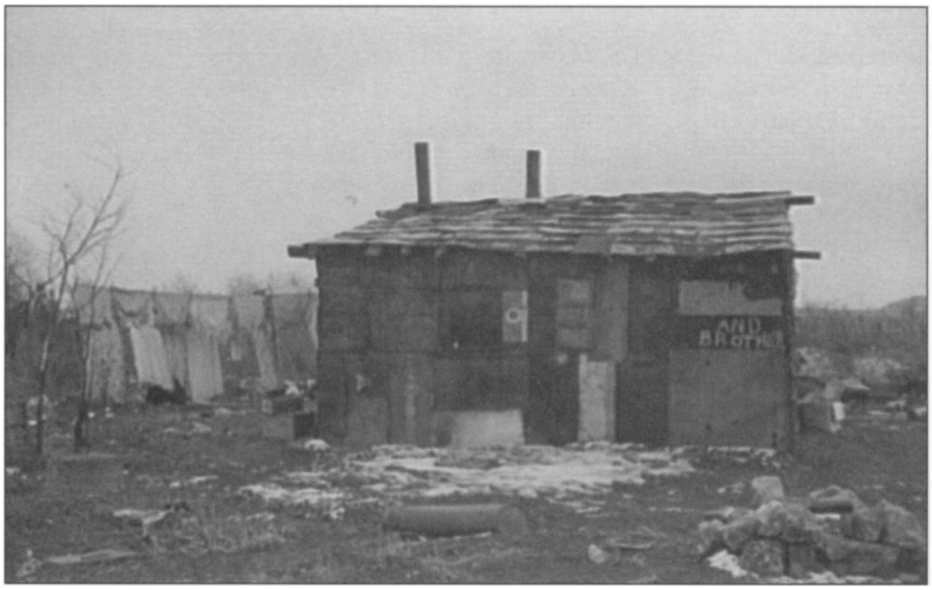
The U.S. Economy Since the Great Depression

Steindl had, of course, focused his work on the interwar economic crisis of the 1930s. His central theses regarding maturity and stagnation in advanced capitalist economies seemed particularly compelling when viewed in terms of the long-run historical experience of the Great Depression. Yet both the postwar record, at least in the case of the United States, and some of the theoretical lacunae in his earlier claims, led Steindl to modify some of the arguments of his 1952 book. With the 1976 republication of his *Maturity and Stagnation in American Capitalism*, Steindl allowed that technical innovation, product development, public spending, and research and development initiatives might provide the means to escape from investment inertia. Even so, he was extremely concerned that most accumulation strategies in mature capitalist nations would focus on military-industrial activity and war itself. Using both public and private investment funds for other purposes, while obviously desirable, would be "exceedingly hard" given "the workings of political institutions."

The wisdom (not to mention the prescience) of Steindl's 1976 observations becomes apparent as soon as one surveys the more recent evolution of American capitalism. American accumulation in the latter half of the twentieth century, on the one side, confirmed many of Steindl's suppositions regarding expansion in advanced industrial states. On the other, it demonstrated both the unique and abiding flexibility of capitalism in the face of contradictory tendencies toward underutilization, and the importance of political and social forces often thought by economists to be superfluous. In all these respects, contemporary history reveals the conceptual power and importance of what Steindl had to say when he first examined the crisis of the1930s. But it also reminds us of the unyielding impacts of contingency and human agency in economic performance over time.

World War II achieved in the United States, of course, what the New Deal could not—economic recovery. With the start of war in Europe, the unemployment rate began to fall so that by the time of the Japanese naval offensive at Pearl Harbor, only 7 percent of the labor force remained idle. American entry into the war brought almost instantaneous resolution of the persistent economic difficulties of the interwar years. Between 1939 and1944 the national product, measured in current dollars, increased by almost 125 percent, ultimately rising to $212 billion by 1945.

Yet as World War II came to a close many economists and businesspeople worried about the possibility of a drop in the level of prosperity and employment. But these apprehensions proved to be unwarranted. In the first year after the war, gross national product fell less than the postwar reduction in government spending; unemployment did not even reach 4 percent; consumer spending did not fall at all, and eventually rose dramatically. Although recessions occurred between 1945 and the mid 1970s, most of them lasted only about a year or less, and none of them remotely approached the severity of the Great Depression. During these three decades American output steadily increased with only minor setbacks. According to the Federal Reserve Board's index, manufacturing production doubled between 1945 and 1965, and tripled between 1945 and 1976.



"A shanty built of refuse." Herrin, Illinois, January 1939. Photograph by Arthur Rothstein. (Courtesy of the Library of Congress, LC-USF33-003000-M1.)

Such robust economic performance is hardly surprising in wartime especially when conflict is global and, with few exceptions, kept outside of national boundaries. What is most striking about the American economic experience linked with World War II was the enduring growth and prosperity of the postwar years. Consumption and investment behavior played a major part in this great prosperity of the late forties and fifties. As soon as Germany and Japan surrendered, private and foreign investment in the United States rose quickly. On the domestic side, reconversion was itself an investment stimulus. Modernization and deferred replacement projects required substantial deployments of funds. Profound scarcities of consumer goods, the production of which had been long postponed by wartime mobilization, necessitated major retooling and expansion efforts. Even fear of high inflation brought on by the dismantling of wartime price and wage controls prompted many firms to move forward the date of ambitious and long-term investment projects. On the foreign side, both individuals and governments were eager to find a refuge for capital that had been in virtual hiding during the war. Along with a jump in domestic investment, therefore, a large capital inflow began in late 1945 and early 1946.

Domestic consumption was the second major component of postwar growth. Bridled demand and high household savings due to wartime shortages, rationing, and controls, coupled with the generous wages of the war economy, contributed to a dramatic growth in consumer spending at war's end. The jump in disposable income was bolstered by the rapid reduction in wartime surtaxes and excises. And the baby boom of the wartime generation expressed itself economically in high levels of demand for significant items like appliances, automobiles, and housing. G.I. Bill benefits additionally served to increase the demand for housing and such things as educational services, with associated impact on construction and other industrial sectors.

Foreign demand for American exports grew rapidly in the immediate postwar years. In part the needs of devastated areas could only be met by the one industrial base that had been nearly untouched by war-related destruction. Explicit policy commitments to the rebuilding of allied and occupied territories, such as the Marshall Plan in Europe, also served to increase the foreign market for the output of American industry.

American postwar prosperity and the benefits of world economic leadership continued throughout most of the 1950s. But the prosperity of the decade, while robust and impressive, nevertheless weakened by 1957. This set the stage for the arrival of a new brand of economics in Washington, explicitly (and self-consciously) imbued with the doctrines of Keynesianism.

From the "New Frontier" policies of John F. Kennedy, to the "Great Society" agenda of his successor Lyndon Johnson, through the declaration of a "New Federalism" by Richard Nixon, there ensued an era of sustained central government intervention in the nation's economic life. The goal of many (but not all) of the "new" economists of the early 1960s—achieving simultaneously acceptable levels of unemployment and inflation—has more recently shattered. But throughout the sixties and much of the seventies (and for some even during the eighties) the perceived obligation of government to secure overall economic instability was not seriously questioned and remained one of the more important changes of twentieth-century American economic history.

Historical specificity notwithstanding, American economic performance in the latter half of the twentieth century seems to have conformed in many respects with the general analytical propositions derived from interwar economics. The ability to forestall and/or overcome tendencies toward economic stagnation has depended upon a varied set of circumstances, both global and domestic. But a continuation of such a charmed existence is apparently no longer possible. Josef Steindl himself noted, in 1976, that "the cheerful extroverted era of [postwar] growth has apparently come to an end." And, in words that today seem as relevant as they did over twenty years ago, he noted that the reasons for this were "the reduction of tension between the superpowers . . . the increase in tension within the capitalist countries . . . and . . . the emergence of environment, raw material, and energy problems . . . ."

In the midst of a return to the unstable growth of earlier decades, an altogether reactionary (re)orientation of fiscal and monetary policy has occurred. A resurgence of general equilibrium approaches to cyclical phenomena has prompted the formupoignancy of this state of contemporary affairs are made strikingly clear when we reflect upon the Great Depression as a significant and coherent historical problem.

Note on this Issue: As this article amply demonstrates, consideration of the economic history of the Great Depression necessarily focuses on both quantitative and aggregate data that tend to obscure the human dimensions of the event. Indeed, the challenge for those of us who teach about this profound economic crisis is to find substantive ways in which to link the economics of the interwar years with the personal and social experience of its contemporaries. It is for this reason that the inspired work of the contributors to this special issue of the *OAH Magazine of History* should prove so useful to all of us in our work with students. In the pages that follow, readers will find visual and textual examination of the many ways in which Americans endured, understood, and ultimately overcame the burdens of the Great Depression. These articles and lesson plans will assist us all in our determination to convey to students the singular nature of the economic crisis of the interwar era and the remarkable accomplishments of the generation that lived through it.

Bibliography

Abramovitz, Moses. "The Nature and Significance of Kuznets Cycles." *Economic Development and Cultural Change* 9 (1961): 225-48.

Bernstein, Michael A. *The Great Depression: Delayed Recovery and Economic Change in America, 1929-1939*. New York: Cambridge University Press, 1987.

Brockie, M. "Theories of the 1937-38 Crisis and Depression." *Economic Journal* 60 (1950): 292-310.

Easterlin, Richard A. *Population, Labor Force, and Long Swings in Economic Growth: The American Experience*. New York: National Bureau of Economic Research, 1968.

Fisher, Irving. *Booms and Depressions: Some First Principles*. New York: Adelphi, 1932.

———. *The Stock Market Crash And After*. New York: Macmillan, 1930.

Galbraith, John Kenneth. *The Great Crash, 1929*. 3d ed. Boston: Houghton Mifflin, 1972.

Harris, Seymour. *Saving American Capitalism: A Liberal Economic Program*. New York: Knopf, 1948.

Keynes, John Maynard. *The General Theory of Employment, Interest, and Money*. New York: Harcourt, Brace and World, 1964.

Kindleberger, Charles Poor. *The World in Depression: 1929-1939*. Berkeley: University of California Press, 1973.

Kuznets, Simon. "Long Swings in the Growth of Population and in Related Economic Variables." *Proceedings of the American Philosophical Society* 102 (1958): 25-52.

Lewis, W. Arthur. *Economic Survey, 1919-1939*. Philadelphia: Blakiston, 1950.

Means, Gardiner C., and Adolf A. Berle. *The Modern Corporation and Private Property*. New York: Harcourt, Brace and World, 1968.

Roose, Kenneth D. *The Economics of Recession and Revival: An Interpretation of 1937-1938*. New Haven: Yale University Press, 1954.

Schumpeter, Joseph A. *Business Cycles: A Theoretical, Historical, and Statistical Analysis of the Capitalist Process*. New York: McGraw-Hill, 1939.

Slichter, Sumner. "The Downturn of 1937." *Review of Economics and Statistics* 20 (1938): 103-15.

Steindl, Josef. *Maturity and Stagnation in American Capitalism*. 1945. Reprint, New York: Monthly Review Press, 1976.

———. "On Maturity in Capitalist Economies." In *Problems of Economic Dynamics and Planning: Essays in Honour of Michal Kalecki*, 423-32. New York: Pergamon, 1966.

———. "Reflections on the Present State of Economics." *Banca Nazionale del Lavoro Quarterly Review* 148 (1984): 3-14.

Sweezy, P. M. "Demand Under Conditions of Oligopoly." *Journal of Political Economy* 47 (1939): 568-73.

Timoshenko, Valdimir P. *World Agriculture and the Depression*. Ann Arbor: University of Michigan Press, 1933.

United States Department of Commerce. *Historical Statistics of the United States: Colonial Times to 1970*. Washington, DC: Government Printing Office, 1975.

Michael A. Bernstein is a professor of history and associated faculty member in economics at the University of California, San Diego. His most recent book is A Perilous Progress: Economists and Public Purpose in Twentieth-Century America *(2001).*