The Depression of the 1890s

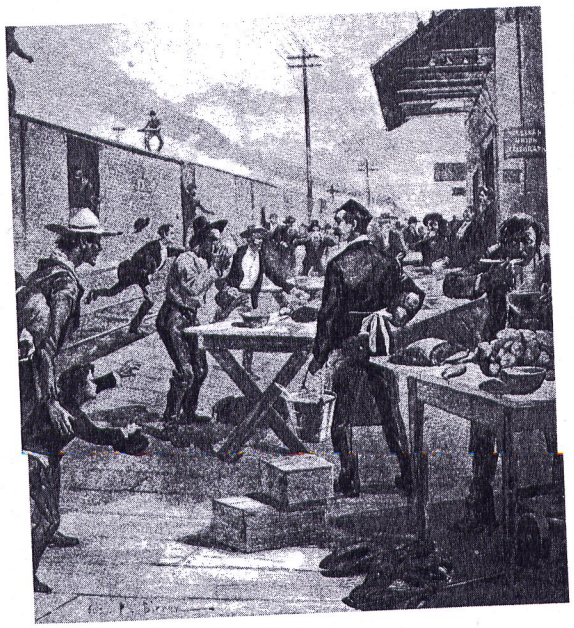
On May 3, 1893, the stock market crashed, and by year's end, about 500 banks and 16,000 businesses were bankrupt. Having led the economy into growth, the railroads now pushed it into depression. By the middle of 1894, more than 150 railroad companies were also bankrupt, stimulating trouble in other industries. Weakness in the agricultural economy suggested the extent to which farming was tied into national and international markets. And when farmers fell on bad times, they in turn dragged down farm machine manufacturers, grain elevator operators, and a variety of rural and small-town businesses.

This was the fourth major depression in American history. Each depression was bigger than the one before, and, because the economy and the population kept growing, more people—and a greater proportion of people—were affected each time. More people worked for wages and paid for goods in cash; fewer bartered their labor and the goods they made or the food they grew. Drawn ever more tightly into a national economy, Americans were increasingly vulnerable to economic forces they could not control. What happened on Wall Street now affected the lives of Massachusetts railroad workers and Mississippi sharecroppers who would never own stocks or bonds.

The five years of depression brought misery on a scale not previously experienced in industrial America. Plant closings threw Americans out of work in staggering numbers. The AFL estimated the number of unemployed to be more than 3 million in 1893. In Chicago alone, more than 100,000 of the city's million residents were jobless. As in previous depressions, the unemployed and the homeless traveled the country, hopping freight trains to distant places in search of work or handouts. By the winter of 1893–1894, Chicago police were guarding railroad stations to prevent tramps from entering the city.

The statistics mask the depression's devastating impact on individual lives. Consider George A. Smith, who in November 1893, was laid off by the Boston and Maine and Fitchburg railroads because of the "dull times." Smith, a twenty-seven-year-old father of two, was known as a "steady, industrious man," but over the next four months he could pick up only two weeks of work. Having exhausted his savings, he and his family had not even enough money to heat their apartment, buy yeast to bake bread, or pay for a doctor for their ailing son. Facing eviction by an unsympathetic landlord, a desperate Smith sought refuge at the local police station. But even so, Smith and his family fared better than some during the hard years of the depression. "R. N.," a jobless Boston man, shot himself in the head in June 1896. The state medical examiner noted that R. N. "left a letter explaining that he killed himself to save others the trouble of caring for him."

Organized public and private relief efforts did not come close to meeting the needs of unemployed workers like George Smith or R. N. Many middle- and upper-class whites viewed



Riding the Rails in Search of Work. At a rural station, free soup and bread drew hungry unemployed people from their hiding places in railroad freight cars.

Source: Joseph P. Birren, *The Graphic,* September 9, 1893—Chicago Historical Society.

relief with distaste, believing that "getting something for nothing" was a sin. Some thought that charity was socialistic, others that it encouraged laziness. Moved by the plight of an unemployed man with five hungry children, a Massachusetts overseer of the poor gave the man some money but was careful to cover up his good deed "so that it wouldn't get out." Social Darwinism suggested that such charitable acts were wrongheaded: hard times would weed out the "unfit." Relief efforts were regulated by Charity Organization Societies, local organizations that investigated poor people's lives to determine who was "worth" helping. Overall, public assistance and formal charities provided only marginal assistance to the jobless. They were much more likely to rely on the kindness of family, friends, and neighbors. "The kind that always helps you out," observed one tramp, is "the kind that's in hard luck themselves, and knows what it is."

As millions of families faced starvation, labor organizations demanded government help by creating jobs. In December 1893, declaring that "the right to work is the right to live," the annual convention of the AFL asked the federal government to issue $500 million in paper money to fund public works. To spread the work that was available among a larger number of people, the organization called for an eight-hour day.