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HELENA AND THE GREAT DEPRESSION 1929-1935

A Thesis
Presented to the Faculty of the Department of History, Carroll College, In Partial Fulfillment of the Requirements for Graduation with Honors.

By Edward Bell
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This thesis for honors recognition has been approved for the Department of History.

[Signatures]

Director

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March 27, 1975

Date
A certain number of people deserve to be mentioned for their cooperation with me in the writing of this thesis. I wish to express my gratitude here to the staff of the Montana Historical Society Library for their help. I would like to thank my typist for the considerable effort expended on her part. Most of all, my especial thanks is extended to Mr. William Lang for his patient assistance and helpful criticism throughout the production of this thesis.
CHAPTER I

The Great Depression is an exceptionally special era which has captured both the mind and heart of America. More than fifty years later it continues to fascinate just about everyone. In part it is because there are large numbers of those who still remember. Then there are those who try to imagine as best they can the gloomy but mysterious days in their minds long since past. A tremendous amount of work has been done by John Kenneth Galbraith and others to ascertain what this era truly was.\footnote{1} A certain amount of interest has been stimulated by the comparison of that time with the present day flagging of the national economy. Whatever the exact nature of stimulus, any number of people harken back to October of 1929 when the Crash of the stock market heralded the years which have left a nearly indelible mark on millions of people. All are in search of the true significance of that event.

Any undertaking aimed at an understanding of the Depression era uncovers an unlikely array of reactions. Fear, or its symptom - panic, is prevalent. The Depression threatened everything that was familiar and reliable: employment, a home, the ability to acquire possessions. Others, due to their own outlook and experience, are even capable
of an almost rosy regard for the thirties. They are satisfied with having survived or perhaps they are nostalgic for a less complicated existence. Often as not, the distress and unpleasantness has dimmed over the expense of time. The intellectually curious wrestle with the advisability and consequences of precedent-setting government intervention, the possible recurrence of the Depression and the chances of survival. They are intent upon delineating what it was that has left such a vivid memory and so prodded imaginations. Determined, they attempt to penetrate the confusion and half-mythical conceptions of FDR, the stock market, and the man in the breadline which obscure the true nature of the Depression.2

The most common method of studying the Depression is to face the problem on a level of macroeconomics. Distinct advantages are inherent to this method of investigation. In actuality it is at this level that an analysis and evaluation of the national economy is made by officials. The national economy is measured and evaluated in light of statistical data gathered on the nation's major industries. When automobiles fail to sell, or the construction industry falters, the alarm is sounded. This is the approach taken by John Kenneth Galbraith in The Great Crash and Robert Sobel in Panic on Wall Street.3 Both authors are primarily concerned with the stock market but effectively treat it as an indicator of actual economic conditions and trends.4
Any comprehensive analysis of the mechanics of the Great Depression in the United States necessitates the use of generalizations. Generalized statements only remotely deal with the actualities in specific regions, states, and larger municipalities. One such municipality is the object of this study—Helena, Montana in the Great Depression, 1929-1935. Though based on the same general economic principles, the reality in Helena even in a broad sense is radically different. Only when the particular reality of many specific areas are known can we expect to have a definite history of the Great Depression.

Helena is an exception to the general diagnosis and description of the crisis in the early thirties. It is an example illustrating the effect of peculiar local circumstances in determining the degree and manner to which a broad based problem is experienced in a particular area. Instead, the majority of research in the area tends to concentrate on those aspects pertinent to the problem on a larger scale. Even in the case of the Middletown study the concern is the predominant industrial aspect of the economy.

In Helena the economic components upon which the great studies of the Depression focus do not exist in the same form. Helena is a much smaller unit than is generally dealt with and to a great extent removed from the impressive forces prevalent elsewhere. The main constituents of its economy are four in number, none of which totally predominates. Agricultural enterprises and a high concentration of state government employees are especially important factors.
They are closely followed by, and intimately tied to, the remaining elements of industry and business. None were maligned by the impetuous events of the Roaring Twenties to the same extent as other localities. Nor was Helena subject to the dire economic consequences of the period. All of the Helena experience is in contradistinction to the national preoccupation with the complications ensnaring industry or the agricultural wreckage in the Northwestern states.

Furthermore, Helena in its size offers an excellent opportunity to simulate the vantage point of an individual in his everyday living experience. Very few can identify easily with Wall Street or New Deal figures such as Harry Hopkins, the head of Roosevelt's relief administration. In studying Helena in the Depression I have relied upon the daily newspapers which singled out important trends, events, and specific individuals, none of which were spectacular, but instead quite ordinary. At the very least, this type of insight is more readily gained working on this level than with the generalized abstractions of a much larger perspective.

Opportunities for researching the topic of Helena during the Depression are limitless. To date no attempt has been made to investigate the matter. Without critical examination the significance of the Helena experience in the Depression is lost. It becomes the victim of distortion and the value of its lessons are placed beyond the reach
of usefulness. "The Depression touched every aspect of American life" and has acted as an influence on contemporary developments. Helena, though peculiar in the experience, is a demonstrative and specific example capable of providing a vital and increased understanding of ourselves.

The usual treatment and development accorded the Depression in the United States begins not with the Crash in 1929 but with the boom that preceded the Crash. William E. Leuchtenberg particularly stresses the role of the boom economy of the twenties as the foundation for the debacle which lasted the next twelve years. An initial force that set off the boom was the unleashing of pent-up demand at the conclusion of World War I. At the same time, American per capita income was climbing in light of prosperity engendered by the return to a very profitable peace-time production. Disposable income not only increased but was spent adding further stimulus to business expansion. The public's purchasing power was further enhanced by the development of credit buying. In 1929 seven billion dollars worth of goods changed hands by this means alone. The same device was used in the purchase of stock by speculators. Margin buying, like credit, was a down payment on the purchase of speculative stock issues. In this manner large amounts of investments were made, but in truth they were largely only of paper value. The purchasing power supporting the
boom was unreal. This is an essential factor in the under-
lying weakness of the prosperity which Americans unhesita-
tingly embraced. A good deal of the economy was built on
a "honeycomb of loans" which were too impotent to carry
their own weight.\textsuperscript{10}

America in the "roaring twenties" was tremendously
optimistic as illustrated by its economic activities. While
rising incomes and credit buying were definitely instrumen-
tal they were not enough to drive the economy to the high
strung reality it was as the second decade drew to a close.
Credit for purchase and speculation was not obtained on the
easiest of terms. Money was instead rather tight due to
high interest rates. Nonetheless, it was available, due
in part to the lack of responsibility exhibited by the Fed-
eral Reserve Board's liberal money policies.\textsuperscript{11}

More important, however, was the mood of the public.
Great numbers of Americans were experiencing to some degree
the wealth generated from the astounding levels of produc-
tion and business dealings.\textsuperscript{12} Even President Hoover and
John J. Raskob, the head of the national Democratic organi-
zation, could express a genuine belief that all Americans
could, and if they wanted would, be rich.\textsuperscript{13} And this is
what many Americans believed. There was no end in sight to
those good times that Harding called "normalcy". Nor was
there any desire to see them end.

But they did end. As 1929 waned, the multiplying
prices of stock superceded the reaches of optimism and the
bottom fell out of the whole workings. As speculators began to unload their holdings, each wave of selling further eroded confidence which produced more sellers and discouraged buyers. As absolute confidence in unending prosperity washed out so did the object of its faith—the economy. With the symbolic crash of the market, the economic life of the country ground closer and closer to a halt. Investment and consumption, the mainstays of their constantly expanding production, evaporated overnight. As production fell off, so did the need for labor eventually sending millions of workers out into the streets and breadlines. Deprived of an income these people were severely limited in their ability to consume goods and services. A domino reaction spread among related and dependent industries, as the collapse of one cancelled the need for the other. The stagnation of the automobile industry cancelled the need for producers of component parts. The failure of any one economic element, as a result of the Depression, disturbed any number of others related to it. By 1932, the nation was sorely wounded with production cut in half, a hundred thousand workers a week joining the ranks of the unemployed and the total of factory wages paid reduced by half. 14

Not only industry suffered. The Depression’s effects upon agriculture were catastrophic. Prices plummeted, yet the cost of products necessary to agriculture and a living remained beyond their reach. However, this was pretty much the plight of the farmers throughout the twenties, and a
prime source of irritation to them. Their situation was further confounded by disastrous recurrent drought cycles in the twenties and thirties. Agriculture faced different developmental trends than industry. The special disabling effect upon agriculture spread to other sectors of the economy.

President Herbert Hoover let the Depression simmer for three years before taking action in 1932. Hoover and the Republican administration, though they did try, were not able to reverse the momentum of the downward trend. In 1932, the Depression-weary public deserted him and pinned their hopes instead on the Democratic candidate, Franklin Delano Roosevelt and his New Deal. The initial effort of FDR's policy was the relief of the poor and hungry. By this time both had reached staggering proportions in the minds which recalled memories of the twenties. The most important among relief measures were the Federal Emergency Relief Act (1933), the Civil Works Administration (1933) and the Works Progress Administration (1935). The three were aimed at utilization as well as relief of idled labor. The National Industrial Recovery Act (1933) was aimed at the revitalization of business and moderation of dangerous competitiveness in business for dwindling profits. NIRA provisions offered guidelines for fair standards, fair trade practices and price setting. In response to the stagnating agricultural interest was the Agricultural Adjustment Act (1933). The AAA attempted to liquidate farm debts through low-interest loans.
intended to limit the supply of agricultural produce in order to bolster prices and to obtain parity between the price of farm and industrial productions. 18

These endeavors of the Roosevelt administration to respond to the Depression are the most controversial aspect of the whole era. All involved an exceptional degree of governmental influence and regulation of the private sector which constituted a direct reversal of Republican policies during the 1920's. Eventually the NIRA and the AAA were declared unconstitutional by the Supreme Court in 1935 and 1936, respectively. Roosevelt was faced with a massive problem and mounted a massive attempt at its solution. While its results were not perfect, it did a lot of people a lot of good. 19

There is not room to carefully examine every aspect of the Great Depression in the nation in detail. The illustration of the major facets in its development are important to an understanding of its basic nature. It will also serve to create a general backdrop complementary to the depiction of the special nature the Depression assumes tempered by the unique circumstances of various areas. It is a first step in an analysis which will culminate in the treatment of what the reality was in Helena.
CHAPTER I: FOOTNOTES


3 Sobel, Panic, pp. 350-391.

4 Galbraith, Crash, p. 93.

5 Robert S. Lynd and Helen Merrel Lynd, Middletown (New York: Harcourt, Brace and Company, 1929), p. 7.; Middletown is a sociological economic study of a small American city with much in common with other municipalities of its size during the period 1890-1924.


7 Ibid., pp. 246-254.


9 Sobel, Panic, p.357.


11 Patterson, Boom, pp. 53-54.

12 Galbreith, Crash, p. 175.

13 Heilbroner, Philosophers, p. 241.

14 Leuchtenberg, Prosperity, pp. 246-254.

15 Infra, Chap. 2, pp. 3-5.


CHAPTER II

As a means of getting closer to an understanding of the situation in Helena, it would be more to the point if we consider what happened in the Northwestern United States during the Depression. Geographically speaking, Helena is centrally located within the region. More important, the city regards itself as an integral part of the Great Northwest and affected by the same regional developments. Yet the experiences of each were radically different. The contrast between the two situations will prove extremely valuable when we begin to consider Helena itself.

The Depression fell hard upon the Northwestern United States.\(^1\) To a great extent, Montana and the surrounding area which includes eastern Washington, Idaho, Wyoming, and North and South Dakota, can be regarded as a single unit. This generalization is possible primarily on account of the similar nature of their economies. The region is heavily dependent upon non-industrial production such as: stockraising, wheat and other agricultural products, mining and lumbering. The agricultural interests predominate throughout the region and were the primary source of problems in the Depression.\(^2\) Overall, this type of livelihood is not one which traditionally provides high profits.
Huge in size and geographically isolated, Montana and the neighboring states suffered chronically from what is referred to as "the high cost of space."\(^3\) Lacking adequate processing and manufacturing industries of their own, the natural wealth of these states had to be exported to other areas such as the heavily industrialized Midwest and the East. The cost of transporting raw materials over such long distances has always narrowed the profit margins of regional producers. In the Northwest the railroads were the normal means by which produce was transported. As a result their rates were closely watched by farmers and state officials alike. Any attempt to increase these rates was heavily weighed. Furthermore, the value of raw materials was entirely dependent upon the industries which converted them into usable and desirable manufactured goods, and the ability of the market to consume these goods. As the national economy in general began to slow down in the early 1930's, unemployment and stagnation in these industrial areas lessened the demand for raw materials. For this reason, the cause of the Depression in the Northwest was to a great extent of external origin. Agriculture also was influenced by the economic slow-down but suffered especially from adverse natural conditions in the form of drought.

In Idaho approximately one half of that state's population derived a livelihood from agriculture. The collapse of farm prices and the general market's decreased ability to consume were the main cause of the Depression's spread
to Idaho. Only one-tenth of her population was involved in manufacturing enterprises, almost all of which were attached to the lumbering industry. Lumbering, as mining and agriculture was subject to national rather than local demand in order to insure a profit. In consequence, when the rest of the nation economically hit rock bottom in the early 1930's, so did Idaho. 4

In Montana and the rest of the Northwest, it was large numbers of farmers, ranchers, and miners who brought home the reality of the Depression. The economic crisis was bad enough in itself, but coupled with a nationwide drought it brought this part of the nation to its knees. A nationwide drought, which especially ravaged Montana, the Dakotas, and eastern Washington in 1931, destroyed crops from one end of these states to the other. When more favorable conditions returned, the improved harvests only served to flood the market in an already depressed economic situation. Also, farmers and ranchers faced with a shrunken foreign market due to the fact that Europe was in the grip of similar economic constraints. These conditions conspired to steadily drive down prices. The prices obtained for wheat, all other agricultural products, wool, and cattle were at continuously low levels throughout the period of 1929-1931.

For the farmers in the Northwest, the developments of the early thirties were not new. In the eyes of many, the Depression was only the culmination of a continually worsen-
ing situation, a "final straw." Among the assortment of unfavorable developments which plagued the farmers in the twenties was the Federal Reserve Bank's order to reduce the amount of government credit available. There was the high cost of space mentioned earlier of which high rail rates were an important point. While industry recovered from periodic recessions, the farmers did not weather the repercussions of these economic turmoils as successfully. As the prices for industrially manufactured goods climbed, the spread between farm income and the prices demanded for finished goods increased.

The plight of the farmers is evident in a number of events which occurred between 1921 and 1929, and continued in many areas for longer periods of time. As incomes lowered, the agricultural element of the population found it more and more difficult to meet its obligations. Tax delinquencies and mortgage foreclosures increased. Many rural families lost their ranches and farms. Unemployed agricultural workers often migrated into the industrial labor market during the 1920's. This is recognized as the main cause for the large migrations from the rural areas to the industrial centers in Oregon and Washington, where they hoped to find employment. In particular, Montana and Wyoming lost a significant percentage of their populations. With little industry, and little chance of expansion due to economic and energy limitations, the situation in these
areas only worsened.

During the ten year period ending in 1929, there was a steady rate of suspension of banking activities in the rural areas of Montana. Here is a prime indication that real financial problems hampered the rural economy. In Montana alone, the banking structure was almost destroyed. From 1921 to 1925 there were 195 banks which ceased to exist and 104 more between the years 1926-1935. Assets declined from 173 million dollars in 1925 to 115 million dollars in 1933. In 1935 total bank assets climbed back to 149 million dollars. However, these decreases are directly attributed to the economic crises and crop failures which recurred from the end of World War I until the Depression era.9

What happened to the banking structure in Montana is comparable to the state of affairs which evolved in the business community as a whole throughout the Northwest. Due to the fact the agricultural interests were predominant, much of the balance of the economy was based on the sale of goods and services to the farmers. As a result, it is obvious that the condition of the economy in the area hinged greatly on the condition of the agricultural sector of the economy. Production in every important industry in Montana fell significantly during the three succeeding years after 1929.10 In Montana one hundred thousand men were left unemployed. Tax revenues for 1931 and 1932 were the lowest since 1925, biting seriously into the amount of revenue which could be raised and utilized in the state's expenditure.11 In the
opinion of one student of the period, "Montana became one of the most depressed areas in the United States."\(^{12}\)

The farmers were alarmed and resentful at the prospect of no income and the loss of their property because they could not meet their obligations. However, they did not regard their troubles as the result of the economic shortcomings of the thirties. Many who saw their incomes evaporate as expenses increased, or, their property sold in foreclosure proceedings nursed a much deeper and long-smouldering grudge. Not only were they irritated by the destructive trends of the twenties, but also the fact they considered the causes of their plight beyond their control. It was tremendously frustrating for them to realize their success depended not on their own actions but on those of an entirely different world, that is the industrialized consuming areas of the nation. The conviction that the Federal government and other agencies disregarded them in their time of need was another important source of aggravation. Deep resentment arose from the fact they existed as a somewhat hidden element of the overall economy of the nation. Secluded within the great recesses of the Northwest they were recipients of concern only insofar as their plight inconvenienced the industrial population who depended upon the farmers to eat. As their situation threatened to sink to even greater lows in the face of a new depression in the thirties the Northwest's farmers began to resist any further losses and began to make their feelings known.

15
Becoming politically minded, groups of stricken farmers approached the state legislatures, pressuring them for assistance. In Montana, a group of farmers and some miners known as the Montana State Hunger Marchers, did organize themselves and marched to Helena in January of 1933. Primarily they were from Butte and the population centers in the eastern part of the state. They were granted a hearing with Governor John E. Erickson and were actually allowed to address their grievances directly from the floor of the State Senate, describing the conditions in the agricultural and mining areas of the state. Roger S. Murray, the group's executive secretary, criticized banks and bankers, corporations and Governor Erickson, and in addition he demanded $5,000,000 for Montana's 100,000 unemployed. The newspapers take pains to describe the group as peaceful and respectful, but they also make very clear the fact that the group's appearance in the Senate was sponsored by a Senator Kane of Ravalli county, a bitter opponent of Governor Erickson. After a couple of initial mentions of the group, no more is said about them. While all aspects of the state's economy were in poor shape, the size of the agriculturally oriented segment of the population made their predicament more intense. With almost none of its population involved in heavy industry, Montana had to develop its relief efforts out of concern for the prime element of its population. This was the farmers. Except for occasional interest in the idled mines, it is
the agricultural situation which dominated the *Helena Independent*’s interest.

Montana’s governor during the critical years of 1931-1933, John E. Erickson, and the state legislature, were compelled to accommodate the farmers with such relief measures as the state could afford. As a rule, aid consisted of such measures as allowing the farmers access to coal and even firewood on state lands on very lenient terms. The intent was to make available to them the necessary fuel needed in order to get through the winter months. At other times the state and its officials functioned somewhat in the nature of lobbyists, encouraging the Federal government to pursue policies beneficial to Montana’s population. Pressure was exerted on the Federal Farm Bureau to hold back on wheat sales in an effort to move prices upward. Efforts were made to control increases in the cost of rail shipment of produce. In the state’s export economy, the shipping rates drew off goodly amounts of profit which was harmful. The Twenty-Third Legislature of Montana passed one measure aimed at relief in the form of a memorial to the United States Congress to take immediate action in reducing the amount of foreign imports. Their hope was to stimulate domestic production and sales. In the mind of the legislature any attempts at relief and recovery would have to be constructed so as to stimulate use of the state’s raw materials, the most important commodity in the state’s economy. Hopefully, use of these raw materials would induce the revitalization of the local economy and contribute to the reacti-
vation of the labor force. 19

The bulk of relief legislation dealt with determining eligibility for relief and securing participation for the state in Federally-sponsored relief programs. Funds made available by the Federal government were eagerly pursued because their greater amounts could be applied more extensively to aiding the unemployed and the needy. Governor Erickson estimated that $1,000,000 would be needed for this purpose during the winter of 1932-33. He applied to the Reconstruction Finance Corporation (1932) deeming twenty-five percent of this sum necessary immediately for depressed industrial and mining centers and the state's cities. Much use was made of the provisions of the Agricultural Credit Act (1923) which administered loans to farmers to make it possible for them to continue operations, $3,000,000 in loans had been granted by 1932 and a total of $9,000,000 had been approved. 20 Good use was made also of the New Deal legislation of President Franklin Delano Roosevelt's administration after his election in 1932. Millions of dollars were granted under the Public Works Administration (1933), the Agricultural Adjustment Act (1933), and the Works Progress Administration (1935).

Montana's vote-conscious officials made definite efforts to control spending. An already burdened public expected relief such as lowered taxes to lighten their hardships. In 1933, the legislature reduced the budget for the following year by more than a million dollars by reducing
departmental budgets. Limited efforts were made to reduce the number of employees, to cut salaries, and to reduce extra benefits such as travel expenses. Little opposition or complaints are recorded. As Governor Erickson began his third consecutive term in 1933, his inaugural address and all speeches emphasize thrift and setting one's house in order.²¹

Politically speaking, Montanans reacted to the Depression in much the same fashion as did the populations of the other states in the Northwest. The public was agitated and its demand for relief sent officials scurrying in every direction to do what they could to improve the situation. Failure to do so might result all too easily in not being re-elected the next time the people went to the polls. As the situation deteriorated support for the Democratic candidate for the Presidency in 1932, Franklin Delano Roosevelt, gathered from many quarters. Even Republicans considered Hoover's nomination as a mistake.²² Hoover for too long had regarded the Depression as just another periodic low. As a result, Montanans rejected him, especially the farmers whose grievances had been gathering for a period of more than thirteen years.²³ When Hoover began to recognize the economic situation for what it was, it was too late. The farmers heard what they had wanted to hear from Roosevelt. That was promises of immediate relief. In the election of 1932, Montana's four electoral votes were handed over to Roosevelt and the New Deal. In the period of 1929-
1935, the northwestern United States was feeling the worst of the Depression. It was at this time that the outlook was the bleakest. With the election of Roosevelt, the outlook changed as people prepared to enter a new era which hopefully, would bring recovery and the return to a normal state of affairs.

What we are concerned with here are the effects of the Depression and those situations from which they arose. In Montana, as well as in the nation as a whole, the events of the twenties were of particular importance in the development of the Depression situation. It did not begin all of a sudden in October, 1929. Before turning to a consideration of Helena specifically during the years 1929-1935, it will also be necessary to determine what happened previously. The purpose of this move is the delineation of those things and events with a formative influence on subsequent actualities.
CHAPTER II: FOOTNOTES


7Ibid., p. 229.

8Montana: Resources and Opportunities, Vol. III, No. IV, (Helena: Department of Agriculture, Labor, and Industry: Division of Publicity, May, 1933), p. 11;

<table>
<thead>
<tr>
<th>Census Year</th>
<th>Population</th>
</tr>
</thead>
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<tr>
<td>1920</td>
<td>548,889</td>
</tr>
<tr>
<td>1930</td>
<td>537,606</td>
</tr>
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</table>

The decrease of 11,283 in the "10-year period (1920-1930) may be attributed to the depression in agriculture and livestock, also a curtailment in the production of metals, particularly copper and lead, following the World War (I)."


10Montana's Production 1930-37. (Missoula, Montana, 1937), pp. 1-121; This work measures the production of Montana's major economic enterprises between 1930 and 1937. Almost every graph indicates a noticeable drop in production between 1931 and 1932.

11"Capital News in Brief," Helena Independent, Jan. 8, 1933, p.2; Taxes levied for all purposes in: 1925 - $26,266,783

1931 - $28,661,148

1932 - $26,353,759.


14 Ibid., p. 231.

15 "First Delegation of Unemployed Here to Ask Relief" Helena Independent, Jan. 4, 1933.

16 Ibid., Jan. 5, 1933.

17 Article, Helena Independent, July 24, 1931.

18 Editorial, Helena Independent, July 16, 1931.


20 "State Stockmen Given $3,000,000 In Loans So Far; More Than $9,000,000 Approved," Helena Independent, January 2, 1932, p.5.

"Erickson's Inaugural Address," Helena Independent, January 2, 1933, p. 2; Reconstruction Finance Corporation makes $1,037,488 available for six months ending March 1, 1933.


"Request For Public Works Projects Go To Washington," Helena Independent, September 10, 1933, p. 1; Proposed total expenditure was $1,727,000.

21 "Erickson's Inaugural Address".


CHAPTER III

Helena, like any city, did not spring into existence overnight, fully grown and developed. Any city is the result of a peculiar set of circumstances and certain forces at work which, in part, determine its development. A further determination is how the population reacts to these same influences in their lives. It is necessary to at least gain a general understanding of these events before an attempt at a close examination of a city at any particular moment can be successful. For this reason, it is essential to consider the manner in which the city of Helena evolved and the nature of its relationship with other areas. The most important of these are the surrounding rural areas and the state of Montana. With this overview, we are able to arrive at some conclusions concerning the circumstances which existed in Helena preceding that period with which this study is concerned.

Situated in a mountainous area rich in mineral ore, Helena's development was closely tied to the mining interests for a good portion of its existence. For almost half a century, from the arrival of the first settlers in the Prickly Pear Valley, until the turn of the nineteenth century, the economy of the entire area was closely tied to the mining interest. The original white inhabitants came
to the valley attracted by the discovery of gold, which resulted in the first permanent settlement. Many became rich on gold discoveries, but gradually the city became dependent upon the production of silver and other ores. In the seventies, the mining activities began to expand dramatically and were accompanied by a corresponding growth in the city's population. The exploitation of its mineral wealth generated a high rate of employment and significant wealth. Helena was popularly reputed to be one of the per capita wealthiest cities in the United States with a high concentration of millionaires.² Like the economy, the atmosphere in the city was one of buoyancy and optimism.

The Panic of 1893 and the sharp drop in the price of silver turned optimism into pessimism. Many of the city's millionaire entrepreneurs decided that the effort to keep things going was just not worth it and pulled out in search of more lucrative investment. Overnight, Helena's outlook, previously bright and prosperous, turned sour in disillusionment. Mining interests from that point on were sporadic and small scale. Interestingly enough, in more recent times, it has been suggested that redevelopment of the area's mineral resources would serve as a supportive element in the local economy.

Nonetheless, when mining operations declined after 1893, large numbers of the population turned to agriculture as a means of a livelihood. Helena was already well established
as a population center in the mining scheme of organization and adjusted easily to a new role. The city functioned as a commercial and financial center for the agricultural population roughly comprised of the present day Lewis and Clark, Broadwater, and Jefferson counties. At the beginning of the twentieth century, Helena provided business, banking, retail and supply facilities for the stock raisers and wheat growers of the tri-county area. Regardless of the gloomy outlook, the city prospered, and quickly became the most important city in the area.

During the early 1920's, the Helena area was predominated by the agricultural factor of its economy. Like the rest of agricultural areas in the nation, the twenties were not the best of times. Helena was also affected by the deteriorating situation faced by farmers and ranchers hard hit by drought and economics which wiped out farm prosperity "east of the Cascades."

Yet the city was able to remain optimistic as there were signs that its economic structure was possibly beginning to diversify. It was beginning to attract the attention of distribution and industrial firms interested in locating there. There was also much speculation on the revival of the area's mining activity. In both of the above cases, the main stimulus was the rising prosperity accompanying the boom in the industrial sector after the end of the First World War.

By the mid-twenties, Helena had again stabilized in its economic development. While specific information indi-
ative of the conditions in the city at this time is not plentiful, a definite idea of the city's situation is available. It is also of extreme importance as this is the state of affairs the city found itself in as it entered into the Depression era of the thirties. In 1929, the Helena City Directory claimed that Helena was on "a sound and substantial basis."

All sources of production and unemployment are described as productive and expanding. All of this was a direct result of the city's function as financial hub of the area. Helena did provide central location with sixty-five percent of Montana's population within a hundred and twenty-five mile radius. Surprisingly for its size, there were in the city adequately developed distribution and business establishments. In addition, there was an extensive local market capable of absorbing the produce of the rural area.

A great deal of pride is taken in the blend of different economic activities. The agricultural industry was successful, which is a definite contrast to the situation which existed in the rest of Montana in the twenties. In Lewis and Clark, Jefferson, and Broadwater counties, the largest cash crop was wheat, as elsewhere in the state. The bulk of the area's produce, though, consisted of different grain crops and truck farming. Cattle and sheep-raising accounted for the greater part of output by the stockraisers, and dairying was also a principal industry. After 1926, hog and poultry raising expanded dramatically. In 1926 the
The local industries were modest in size, diversified, and successful. Twenty-nine establishments employed over 600 individuals at a time when the total population of the city was over 10,000 people. The principal employer was the smelter at East Helena, which indicates a certain amount of mining activity was still in operation. Interestingly, throughout the period a reactivation of mineral exploitation is recommended as a means of expanding the economy. Interest was stimulated by the extremely high prices for minerals during World War I and afterwards. The whole area is highly mineralized and the neglect of such valuable resources was regarded as wasteful. No evidence exists, though, which indicates that any serious action was taken in this line of development.

The government institutions which were located in Helena were remarkable in their stability, a quality which was obviously lacking in Montana's other economic activities. On account of it, government at any level supported Helena's economy by providing employment and income. For one thing, the functioning of the government machinery was regarded as essential to the maintenance of order and peace. As a result, it was not expected to be subject to the periodic slumps in its activities as are the business, agricultural, mining, and industrial sectors. Undoubtedly the government regularity did much to cushion the effects of hard times by providing steady employment and wages for an important
part of the city's population. This factor can not be overlooked.

The banking system in the city is regarded as generally sound and dependable, not only locally but in the entire Pacific Northwest region. Presumably, this is due to the steady and dependable financial resources of the area. At the end of 1926, deposits in the city banks totalled $13,661,000, which averages out to better than $1,000 per each individual in the immediate vicinity of the city, by any measure an impressive ratio. There also existed a healthy dealing in various types of stock, which indicates a rather high degree of economic well-being. This view is more clearly realized when the financial situation in Helena is contrasted with that which existed in other areas and in the state as a whole between the years of 1920 to 1930.

Unlike the plainsman, everything was more closely at hand: the towns and cities, politics, and economics. In the central area of Montana, a man "looked more inward than outward." His whole outlook was close and local. This idea can be applied to Helena and the city's population in light of its position as the seat of all aspects of government, and as financial center for the area.

The city of Helena and the dependent rural area fared better than the rest of the state of Montana through the late twenties and into the thirties. To begin with, there was no speculative orgy as it existed in other parts of the
national economy, but the economy was in good working condition. For one thing, the droughts, which had ravaged the rest of the state's agricultural activity did not affect Helena in anywhere near the same way. The reason for this was that the Helena Valley agricultural area had more than 10,000 acres irrigated by ditching. The usual method of making water available was by pumping it from some source such as Lake Helena, into the Valley. A small industrial complex was maturing at the time, uninhibited by the forces at work in the national economy which did wreak such havoc after 1929. In the same sense, it would not suffer from an absolute dependence on far away places and events as did the rest of Montana.

Helena derived from its economic, as well as its political prominence a sense of self-importance. It took upon itself the task of acting as a social center for the area. Its downtown sported two movie theaters though no live entertainment is mentioned. Within the city were two denominational colleges in addition to a well developed public and parochial school system. There were also between twenty-five and thirty churches at any one time in the city between the years 1920 to 1930 and local units of the major fraternal organizations such as the Elks and Masons. The city was served by a number of newspapers; the two prominent dailies were the Helena Independent and the Helena Record-Herald. By any standards, the development of the city's social resources is impressive for a city of 10,000.
CHAPTER III: FOOTNOTES


3Supra, Chap. II, pp. 3-4.


6Polk's Helena City Directory, 1929, p. 15.


9Helena Directory, p. 15.


12Ibid., p. 29.

13K. Ross Toole, Twentieth-Century Montana, p. 100.

The city's leaders and spokesmen were all chosen from the most prominent element of Helena's citizenry - her businessmen. It was they who managed and personified the opinion Helena had of herself prevalent in pre-Depression years. They were not only predominant in the city's financial-commercial and social structures, but politically as well. Mayors and city officials were repeatedly selected from the ranks of these men. As a class, they administered the municipal government as well as coordinating efforts between the city and other agencies, such as the state government. It is their voice which predominated in the Helena Independent and was responsible for its particular outlook.

In considering Helena in the years immediately preceding the advent of the Great Depression, two things are important. First, the city's economy was functioning smoothly and quite successfully, and secondly it inspired a certain sense of self-confidence which prevailed in the later 1920's. This would have considerable bearing on the city in the ensuing situation making Helena unique in the Depression.
CHAPTER IV

Helena did not reflect either the attitude of the nation as a whole, or that of the state of Montana, in its reaction to the Great Depression. An important record of what happened in the city in a day by day fashion is available in a city newspaper. The Helena Independent, with its definitely pro-Democratic outlook, was not a faultless barometer of the populace's attitude, but it does provide an inclusive historical record of persons, events, and pertinent opinions.¹ There are valuable and indicative clues here to key factors which yield an understanding of the situation in Helena during the Depression years.

In regard to the Depression itself, this newspaper's treatment of the topic was somewhat peculiar. At a first glance, it appears to be what one might call reference by omission to its effects upon the city. However, the Independent did not deliberately circumscribe the existence of the Depression. The Great Depression was assessed as a less than serious problem in Helena than elsewhere. There was a tendency, especially in the years immediately following the Crash of the Stock Market in 1929, to regard the Depression as existing "out there," somewhere like New York, Chicago, or other parts of Montana.

30
Yet, beneath a relatively serene surface it appears that Helena was at least feeling some sort of an economic crunch. Common indications of this, and the most fascinating ones, are found in the contemporary editorials in the Independent. While the editorialists considered the situation in Helena to be much less serious than elsewhere, they were deeply concerned with what might happen. They were aware of what was happening in the nation and in Montana as a result of the economic difficulties. Their attitude in the years immediately following the stock market Crash in 1929 was cautionary. In their opinion, it was of the utmost importance that "we get indelibly printed in our minds a picture of the human misery that a depression causes." If not "we shall be able to forget about the depression when prosperity returns." A lack of preparation and foresight such as this will only result in a repetition of the present misery.

Like many other people, they believed that depressions could be permanently prevented from recurring through meticulous planning and implementation of economic controls. With this in mind, they threw their support behind the Democratic presidential candidate, Franklin Delano Roosevelt in 1932. The editorials become more pro-Roosevelt as confidence in President Hoover eroded. Hoover had failed to satisfy demands for relief of the farmers and to effectively detect and prevent the development of the economic stagnation of the early thirties. Helena's editorialists saw an alternative in Roosevelt. They were extremely fond of pointing
out that Hoover's re-nomination was regarded as a mistake even by the Republican party.³

During 1932, the situation began to worsen in Helena, as well as everywhere else. At this point the editorialists at times became volatile in their criticism of the situation and its handling. They were often critical of events on a national scale such as the efforts of President Herbert Hoover to reverse the downward economic trend, or the American people's propensity to go on a bust as soon as confidence returned. More often than before, they specifically criticize the attempts of Helena's municipal administration to relieve hardship. Nothing was more appalling to these men than the thought of money being squandered, or people slacking off and living off the public dole. They saw the spending of money on firecrackers for the Fourth of July celebration in 1932 as "positively wicked" and equated each explosion with a meal which might have been given to some needy person.⁴ They even objected to the cost of white paternalism extended towards the Native Americans, not because it was unnecessary, but because it was too expensive.⁵

While correctly analyzing the economic situation, the editorials exhibit an extremely cautious, and at times self-righteous attitude. Poverty stricken Americans were in such a condition precisely because they overspent or misused their incomes. In one editorial, its author cannot believe any-
one so dull-witted as to buy a number of cars which jeopardize the mortgage on his home. The "folly of so many American families who own two cars yet must live in a shack in order to be able to afford them" is regarded as disgusting. Yet, in the same piece, they decried the hoarding of money with the same vigor. They begged readers, offering some sound advice, to do anything with their money rather than hoard it. Spend it, put it in the bank, even invest it, were suggestions they tendered. They realized that neither hoarding nor squandering could provide a solution for the economic difficulties about them.

On the other hand, they threw their support behind reconstruction and relief legislation realizing that some effort was necessary to relieve the less fortunate and stimulate economic activity again. Here, it was cautioned that the situation must be faced squarely, but calmly, and with determination. The editorialists feared the long-term problems they believed were inherent in any type of permanent welfare establishment. Great care must be taken that a "stampede mentality" is not to be inspired through a hasty and careless economic cure, they warned. Their idea of relief was to get people through the lull in the economy and insure financial and commercial reconstruction. They exhibited a concern for the traditional dislike of caretaker welfare systems which they criticize for encouraging laziness and discouraging incentive and initiative.

They made few pointed references to conditions in Helena
until the later thirties when the situation worsened there. Other than this, the editorial page concentrated on developments at the state and national level. They were very concerned for the relief of farmers and ranchers, probably so in light of the highly agricultural nature of Montana's economy. Above all, they maintained a concerned outlook for the primary social and economic consequences of the Depression upon the nation in the forms of unemployment and poverty.9

In order to ask what happened in Helena during the Depression, it is necessary to examine the major elements upon which the city was economically based during this period. First of all, Helena was a center for agricultural interests. Secondly, a small industrial complex qualified the city as being semi-industrialized.10 Thirdly, the city boasted a vigorous business community. Lastly, the city functioned as state, county, municipal and federal government. In these four areas are the reasons Helena remained unaffected by the problems arising elsewhere out of the economic debacle of the thirties.

Agriculture was the mainstay of the economy in the Prickly Pear Valley in which Helena is located.11 In the early thirties, the state of affairs was not the best. Incomes were drastically reduced due mainly to the collapse of the outside market and repetitively poor agricultural conditions which prevailed during the twenties throughout the Northwest. It is clear that farmers earned enough to live decently and were also able to purchase seed and stock for the coming years. This was a clear contrast to drought-stricken and economically hard-pressed agricultural sections
in other parts of Montana.

As far as the Helena Independent was concerned, there were few complaints from farmers and ranchers in the valley. At least these were in no way proportionate to those from other areas in Montana. Farmers complained about low commodity prices, but the most serious local problem which surfaced was the effect overall economic conditions had on county finances. Farmers were extremely concerned with the fact that the County Extension Agent's budget was almost sliced in half for fiscal 1932-1933. It fell from almost $7,000 to $3,700. Complaints specifically in regard to this issue occurred throughout the period. While illustrative of general economic conditions in the area, the County Extension Agent's budget has little to do directly with the financial circumstances of local farmers and ranchers. Its basic aim was the demonstration of better agricultural methods and devices.

Two factors are important to note in the situation which existed in the valley affecting productivity and marketability. The first is how Helena compares to the Northwest through the 1920's. The drought which took a terrific toll in this region, was not a significant problem in the rural Helena area due to the fact that it was heavily irrigated. Therefore, there were not the continual shortcomings which plagued other predominantly agricultural areas. Only thirty miles away in Wolf Creek, where agriculture was not on an irrigation system, times were bad with one crop failure after another. Secondly, in the Helena area there was a great
deal of truck farming, poultry, and livestock raising, and
dairying. Even though prices were lower, produce could
be placed on the market in Helena. A good deal of this
produce was intended for local consumption. Since employ-
ment was relatively high in the city, the farmers relied
on a steady market for their produce.14

In deference to the economic difficulties which exis-
ted in this period, certain adaptations were made to the
times. Crops in the immediate Helena area were as a rule
successful. Because of this, a certain amount of labor
was necessary on larger farms and ranches. Jobs as farm-
hands seem to have been readily available but for low
wages; $2.00 a day is most often quoted, including free
room and board. Also, in some instances, services would
be accepted such as at potato harvest time in return for a
portion of the harvested crop. A certain amount of trade
on a bartering basis arose. One elderly couple, with few
resources to draw on, paid for a used gasoline engine they
needed for their small ranch with two dozen eggs, valued at
fifty cents, every week for twenty-five weeks.15 Some Helen-
ans coped with the problems of the time by exploiting nature.
Many turned to fishing and hunting in the nearby forests
and streams to supplement their diets. Soil conditions in
the area are conducive to a large number of crops of all
types which could be relied upon as a source of food.

Because the farms and ranches did not go under, but
maintained themselves, they relieved the county of what
could have been a serious economic drain. In Helena, farmers did not appear on the relief rolls and they continued to contribute to county tax receipts. If the rural interests had been seriously depressed, it would have been a considerable blow to the city's economy.

The industrial aspect of the economy was much less significant than agriculture in the city's makeup. Nonetheless, it was an important element employing 650 individuals. The basis of these industries was regarded as sound at the beginning of the thirties with a moderate growth rate.

Of note were the metal refining activities conducted at East Helena. There was the operation of the Anaconda Copper Mining zinc production, as well as the American Smelting and Refining Company. Neither was solely tied to mining operations at Butte, as might be expected, and so were not tied to conditions in the Mining City. Rather, ore was processed at both plants from all over the United States and Canada. In the case of the smelter, there were layoffs, shutdowns, and wage cuts periodically. It is clear, that these were exceptions to the normal situation. The most serious of such occurrences was a shutdown which lasted from June of 1932 until January of 1933. This shutdown was attributed to universally poor conditions in the metal market and the mining industry. In February, two hundred men went back to work, however, daily wages were reduced about thirty cents a day from the prevailing wage levels. These two hundred men were a considerable portion, or one third,
of the city's industrial work force at this time.

Interestingly enough, a certain amount of the ore treated at East Helena was mined in small local operations, further enhancing the employment situation. Due to reduced employment opportunities due to the difficult times, a number of people turned again to the mining industry. A number of people found odd jobs in the mining operations such as washing coal. A small number even turned to prospecting in the area's streams and old mines.

The construction industry, which was mentioned indirectly and only sporadically at that, was clearly depressed. At the end of 1932 the authorized building totaled only $102,000, a decrease of sixty percent over the figures for 1931. Again no figures were available which indicate the degree of unemployment in this industry. The figures, if present, might indicate serious problems.

References to mining and all other industrial activity was limited. This suggests two possibilities. Either the industrial sector was not particularly hard hit, or industrial activity was of minor significance in the area's economy. Other than the smelter, little mention was made of any problems arising from the depressed condition of the economy. Evidence indicates that the city's industry was only moderately affected by the Depression and at the same time was not a crucial element in the economic fabric.

Above all else, Helena was important as a business center in the minds of its citizens. Its primary activity
was the handling of the financial and commercial affairs of the surrounding area's farmers and ranchers as well as those of local industrial and manufacturing enterprises. By providing employment and generating wealth, the city supported and maintained a stable population. It also provided this population with the necessary banking, retail market, supply and transportation facilities. Furthermore, the city supported a good number of accessory or complementary enterprises such as education, entertainment, and social activities. Yet, except for a few notable examples city businesses endured the financial difficulties which engulfed the nation as a whole and particularly devastated the agricultural areas of Montana and the Northwest. Business in Helena was healthier than elsewhere, because the agricultural area surrounding Helena remained healthy.

In the early years of the Depression, Helena banks were considered sound and reliable. During the period of 1929 to 1935, only two banks closed in Helena, leaving three in operation. Both were absorbed by banks still active as late as 1965. During the twenties, a difficult period for Montana's banking community, only two banks failed in Helena. The twenties and the Great Depression of the thirties were relatively stable times for the Helena banking community if compared to the 1890's when five banks collapsed in the city. In the 1890's Helena depended on one chief industry, mining, which failed with serious financial problems ensuing. In the 1930's Helena's primary economic strength, agriculture and
government institutions weathered the financial crisis. The city's merchants were definitely affected by the economic situation but they were by no means desperate. Periodically, they did mount requests for prompt payment of debts by the public and as organized in the Helena Retail Merchants' Exchange, they adopted a strict thirty-day credit policy late in 1933. The reasons were the credit limitations stipulated by wholesalers to retailers, added demands of the NRA code, and narrowing profit margins in city stores. Advertising in the newspapers was geared to this situation by all businesses. All types of stores advertised, stressing the highest quality but the lowest prices. A good number of sales occurred regularly and gave the definite impression that merchants were anxious to move merchandise. J. C. Penney's, for example, ran a sale on women's wear in 1932, reminding the reader his 1929 dollar had a value of $1.72 four years later.

It should be remembered that these developments in Helena were occurring when the rest of the nation, and particularly Montana, were frantically searching for solutions to much more desperate problems. Helena suffered no large scale closings or failures, whereas in the state, many business enterprises folded as their source of success was the crippled agricultural operations in Montana. The purchasing power of most of the people in the Helena area was reduced but not destroyed. From some sources people were able to derive a disposable income, which while not excessive, kept
The business sector of the economy, as we have already seen, was dependent on all other elements, and they were able to continue operations. There is one further element of the local economic structure which is of extreme importance. Its importance rests on the fact that it provided a large portion of the city's population with a steady disposable income which could be introduced into the local economy.

The city of Helena, though relatively small in the size of its population and economic importance, was the location for four distinct branches of government. In addition to the municipal government, Helena also served as the Lewis and Clark county seat. The Federal government, too, maintained a number of institutions in the city, notable the Veteran's Administration Hospital at Fort Harrison. The state government, however, was easily the largest employer in the Helena economy. The four branches together formed a fourth concentration in the city's economy in addition to agriculture, industry, and business. Together they employed a sizeable portion of the labor force at all levels and had the most stable payroll in the city during the Depression.

By all accounts, the year 1933 was the low point of the Depression period in the city. Like other governmental institutions, the government of the city of Helena felt the pinch of reduced tax revenues. However, the city government made no loud clamoring for relief aid during the years 1929-1935. Even in 1932, the city applied for the second
lowest sum of PWA funds of all the urban areas in the state: $8,325 out of more than $3,000,000 allotted the state of Montana. Later, in August of 1935, a Helena Independent editorial, while discussing a nationwide strike aimed at expressing dissatisfaction with New Deal efforts, remarked that Helena's mayor actually made sure no work relief projects were undertaken in the city. From all indications, direct relief aid was not necessary. Apparently what relief aid was necessary was available since no insistent demands were audible. Yet there is some contradictory evidence which indicates that some efforts were necessary. Eyewitnesses all allude to the presence of beggars and panhandlers in the city. There was a limited food distribution operation at the courthouse, where those in need of food could buy surplus food at a discount. This was under the auspices of the county. The mayor, C. J. Bausch, brought the wrath down upon himself on account of expenses for repair work at Woolston Reservoir, which supplied water to the city. He utilized manual labor rather than less expensive machinery in this controversial effort at relief. The machinery was available and its use would have been $600 less than the $1500 spent to hire the unemployed. Criticism in the Independent was sharp as it regarded the action as unnecessary. Bausch was accused of using apparently decent gestures solely to satisfy campaign promises he had made. Bausch, however, vehemently defended his action, insisting the city owed it to its working class to care for its unemployed. Without
specifying how, he asserted he would eliminate other costs which would make up the difference between the two sets of prices.

Of all the branches of government represented in Helena, the city government during Bausch's administration is most often taken to task by the press. In 1933, the press called for drastic measures to relieve the strained city budget. Although the major problems were decreased revenues due to the times and some delinquencies, much of the blame was turned on Bausch, the Seventh-Day Adventist minister turned politician. Why, it is not clear, but he was considered responsible for making the existent economic situation worse because of instances such as the one mentioned above. While he felt some relief efforts were necessary, by 1932 he still had kept relief work out of the city other than his own efforts. His main objective was merely to keep things on an even keel. He accomplished no spectacular achievements, which under the circumstances, seem very unlikely anyway.

No really solid criticisms of the man come to the fore. His personality was undoubtedly abrasive to some as he was commonly regarded as headstrong once he got an idea. He was a zealous defender of his own opinion, and also was especially interested in the welfare of the working-man as opposed to the businessman or farmer, important elements in Helena's society.

The best that could be done in the city was to cut expenses and try to stimulate additional revenue. A licensing
law which had fallen into disuse was reinforced as best it could be. Some departments, such as the police force and firemen, were limited in their spending. Salaries and hours were cut ten percent and twenty percent, respectively. Notably, the economic problems did not necessitate layoffs or dismissals. While there were cutbacks, employment was stable and income steady for city employees.

In many respects, the state government's situation was similar to that of Helena's, although the size and scope of its operations were greater. Also, the state had to cope with the much more desperate problems besetting mining and agricultural industries on a statewide basis. State officials, preoccupied with this problem, did not focus their attention specifically on Helena. However, the presence of Montana's state government apparatus there had some far-reaching effects on the city which are important.

The state government also found itself definitely hampered financially by the difficulties encumbering the general population. Yet it had before it many more resources upon which it could draw not available to private economic enterprise. It was able to incur exceptional amounts of indebtedness, to impose necessary taxation where it could, and appropriate to itself the means required to insure its continued performance. Private business concerns might in depressed times liquidate themselves, but a functioning government is regarded as a requisite for the ordering and operation of society.
For the most part, in spite of some adjustments to the times, state employees had a steady income through the most critical years. However, at the beginning of 1933 moves were underway in the Senate which eventually cut a small number of jobs. The House Appropriations Committee, in order to make ends meet, cut Montana's budget for the following autumn by more than $1,000,000 which would entail some pay cuts.

At one point in the same year, it was reported that the state's pay-checks could not be cashed due to deficits in the state budget. However, checks could be registered at city banks and state employees could purchase essential commodities. When revenues came into the state treasury, the checks were cashed. However, these problems were not regarded as serious and by all accounts, the presence of the state government is regarded as the greatest positive factor in Helena's economy.

Indirectly, the city benefitted from being the location of the administration apparatus established to handle relief efforts in the state. Due to its pre-eminence as the seat of government, prominent industrial concerns, organizations, and various groups maintained representative institutions and staffs in the city. Also, a large number of visitors were present on state-related business. These people would spend a good amount of money in the city in the form of taxes, rents, purchases of commodities and services which would affect employment and wage earning conditions.
The city was far better off than other surrounding areas on the national, regional and more local levels. The main reason was that all aspects of the city's economy functioned in unison and resulted in a much better state of affairs due to their complementary natures. Agriculture, industry, business and government remained productive, which meant they utilized resources and provided jobs and a living for the city's inhabitants and those living in the immediate vicinity. But all this is not enough to explain the state of affairs which prevailed. Because large numbers of people were employed and earning, their consumption level stayed alive also. To a great extent, the city was self-sufficient and self-consuming. This was due in great part to the fact that the economy was multidimensional. The economy was not subject to the same effects as other places where one element, such as agricultural or industrial classes predominated. As Helena was economically speaking, somewhat autonomous from outside supply and demand, it did not rely on external influences to the same extent as a city like Butte or an agricultural area. Its condition devolved from a successful interdependence of its various economic concerns, allowing much less serious consequences to develop. The early thirties are not referred to as "the good old days" by anyone.35 All things considered, however, Helena came through the Depression with only a moderate amount of inconvenience and suffering.
There were no issues published from May 16, 1934 until August 14, 1934 due to a strike by the Helena Typographical Union.

2 "Depression Psychology", Helena Independent, July 8, 1931, p.4.

3 "Anti-Hoover Revolt is On", Helena Independent, July 21, 1932, p.4.

4 "Burning Money", Helena Independent, July 1, 1932, p.4.

5 "Unprofitable Paternalism", Helena Independent, January 2, 1932, p.4.

6 "Pay for the House First", Helena Independent, January 12, 1933, p.4.

7 Ibid.

8 "Depression Psychology".

9 "Let's Not Be Hysterical", Helena Independent, September 1, 1933, p.4.


11 Ibid., p.10.

12 "Extension Work Budget Approved By County Board", Helena Independent, July 3, 1932, p.6.

13 Mr. Roscoe Hand, private interview, Helena, Mont., February 18, 1975.


15 Mr. Roscoe Hand, private interview, Helena, Mont., February 18, 1975.

16 Ibid.


18 Ibid.
FOOTNOTES CONTINUED


20. "Authorized Building Total $102,000 for Year 1932; Value of All Works Over $400,000", Helena Independent, January 3, 1933, p.6.


22. Ibid., p.28.

23. "Prompt Payment of Bills Requested by Merchants of City", Helena Independent, September 10, 1933, p.3.


30. Ibid.


32. "Drastic Measures To Help Helena City Budget Approved", Helena Independent, February 15, 1933, p.5.


34. Mr. Roscoe Hand, private interview, Helena, Mont., February 18, 1975.

35. Ibid.
Comparably, Helena fared much better during the Depression years 1929-1935 than any of the other areas considered here, even the state of Montana. Only in viewing what was the situation in the nation, Montana and the Northwest, as well as in Helena, can clear answers be developed. The situations that have evolved in the other areas are extremely useful in illustrating the different effects of the Depression upon Helena and why they were so.

The essential difference between Helena and the other areas mentioned is the individual economic structure of each. Helena was first of all organized along very different lines from the entities mentioned above, such as the United States and Montana. The nation as a whole was an industrialized state. The majority of its people were laborers in a highly urbanized situation. Montana and the Northwestern States all had economies which centered upon the export of raw materials and foodstuffs. They supplied industry with material for manufacture and the industrial workers with food. In both cases, their economic well-being was almost entirely dependent upon markets and prices outside their own area. Agriculture was the mainstay of the Northwest's export economy and was further influenced by the natural hazards the
industry faces. In the twenties and thirties drought cycles took heavy tolls in the agricultural sector, particularly in Montana. In Helena, however, where farmland was for the most part irrigated, the drought cycles were of a much less serious nature.

Helena's size has much to do with the city's relative immunity to the Depression. The city's population was just over 10,000 with an additional 8,000 in Lewis and Clark county. In the greater Helena area, there was a population of nearly 13,000 persons. As a result, the particular features of the city's economic structure (agriculture, industry, business, and government) had a much different effect than they would have in a city of a much different size.

The economy of the Helena area was oriented to indigenous and local needs. Besides being intended for local purposes, it was also more diversified than most other similarly sized towns in the Northwest. They both dealt primarily in the production and utilization of raw materials and foodstuffs. As a result of diversification in Helena, the pressures of the depressed economic situation were not all brought to bear at one point. By comparison, this was precisely the case in Helena when its mining industry, then the mainstay of the economy, collapsed along with the price of silver in 1893.

In the early thirties Helena's economy was divided into agricultural, industrial and limited mining, business, and government. Agriculture, as has been shown, is a good ex-
ample of local production and local consumption. Furthermore, it remained unscathed by conditions which destroyed crop after crop in the rest of the Northwest. Industry also succeeded due to the fact it too was ordered to local interests. As they were able to successfully continue operations so did the city's business operations. This was because the business sector of the economy provided commercial and financial institutions specifically adapted to the needs of economic enterprises in the Helena vicinity.

Although the limited mining, smelting and refining operations did rely on outside markets, they managed to avoid lengthy periods of low production resulting from decreased demand. While there were difficulties which resulted wage-cuts and lay-offs, they were able to find outlets for their production. However, due to the small size of the operations at East Helena, purchases by large scale industrial firms were in actuality large amounts when considered in the context of the comparatively small Helena economy.

The last significant, yet one of the most important, facets of Helena's economy was the presence of the state government, as well as that of the city, county, and federal governments. Government payrolls pumped a significant amount of money into the local economy. Also, any number of outsiders attracted to the city on government-related business invariably made use of the city's businesses and service industries. Had it not been for the location of the governmental bodies, the city would have been denied
such effects.

Rather than any one of these circumstances being solely responsible for the particular state of affairs that persisted in Helena during the Depression years, it was a complementary combination of all of them effecting each other in a supportive way. The contributions of agriculture and government bodies were of extreme importance but not solely responsible for what happened. Alone, they would not have been enough to keep the rest of the economy above water. In 1933, there were times when the state government could not meet demands made on it. Checks could not be cashed due to a lack of funds, but were registered at the bank in exchange for credit until reimbursed.

Co-operation such as this, though imbued with a good deal of self-seeking, made the continuation of economic activity feasible.

If Helena had been a much larger town, very possibly the advantages of its economic structure would not have been anywhere nearly as effective. It would not have had the land to spare for agricultural purposes, providing a good amount of its food supply and it would not have been able to cope with the large amounts of industrial output it could not move, nor with greater numbers of unemployed. The presence of government apparatus would have been much less important in a larger population area. Instead, because Helena was by chance what it was, it was able to succeed where others failed. The city was in the right place, the right size, with the necessary attributes in working order, that
enabled it to survive the Depression encountering only moderate difficulties.
CHAPTER V: FOOTNOTES

1 Clarence W. Groth, "Montana Banking History 1864-1954" Helena, June, 1955, p. 42. (Typewritten.)


3 Supra, chapter III, p. 2.

4 Mr. Roscoe Hand, personal interview, Helena, Montana, February 18, 1975.
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