
REVIEW

Myth Buster

*David Potts, **The Myth of the Great Depression**, Scribe, Melbourne, 2006*

*Reviewed by **Keith Rankin***

The *Myth of the Great Depression* is a timely publication with a provocative title. David Potts does not deny that there was an economic depression — indeed a Great Depression — in Australia in the 1930s. Indeed Potts states the Depression ‘was historically a unique moment’. Rather, his emphasis is to debunk the popular interpretation of the Great Depression as an extended period of collective poverty and misery. Potts discovers both a huge diversity of experiences and the widespread existence of positive memories among the most affected people.

The book's title, then, is very much a play on words, with the word ‘Myth’ being used more to mean ‘iconic national story’ or folklore, and ‘Depression’ being used as much in its clinical sense as in its economic sense. Potts observes: ‘While the great majority of people always wanted a job and pay, the Depression was the best time to be unemployed and the worst time to be in work.’ Indeed, in the middle years (1931-34) of the economic crisis, rates of crime, suicide and infectious illness were unusually low.

The primary source material for *The Myth of the Great Depression* comes from a large sample of interviews taken mainly in Victoria by Potts' students in the 1960s. His archive was supplemented by later interviews from other states, and from a wide range of secondary sources.

Potts observes that most of the visible victims of unemployment were working-class men who were more likely to have been employed in industries, such as the construction industry, that are most susceptible to business closures and downsizing during a recession. Further, the dominant experience of joblessness was short-term. Most persons who were at some stage unemployed were employed in some capacity — often short-term casual work — through most of the Depression. Further, working class poverty did not begin in the 1930s. Throughout the 1920s there were fewer people in absolute poverty and many fewer unemployed. Nevertheless, experiences of poverty had been very real, and all the more painful because, in that decade, economic hardship was largely unacknowledged.

Middle-classes experienced much less unemployment and unpaid downtime, which meant that, given falling prices, most actually increased their material living standards in the early 1930s. (I always remember my economic history professor pointing out that, during the Depression, students at the University of New Zealand in Wellington were a surprisingly affluent group.) Those who were unemployed generally had personal savings or family connections to see them

through. Few middle-class professionals were among the 'conscripts' required to do relief work in order to get state assistance.

Children on the whole seem to have found the Depression a happy time, especially those who were able to spend more time with both their parents than most children today could dream of. 'Many [children] delighted in increased time spent with their unemployed fathers'. (Indeed my own mother was such a child. She adored her Dad, who subsisted at home for several years on a small New Zealand Railways pension.)

Potts argues, convincingly, that the introduction of unemployment benefits, however miserly or conditional, was critical to the minimisation of adverse social outcomes. Stabilisation of expenditure was enhanced through benefit recipients commonly not declaring their own or family members' low and variable casual earnings. Married women with jobs commonly used alias identities.

Potts argues that most contemporary and historical accounts of the 1930s are biased because they emphasised the most extreme incidents of hardship over the more normal experiences of those affected by reduced incomes. This bias had several intended and unintended effects. At the time, such emphasis made others' experiences seem worse than one's own, increased happiness by reducing expectations of what material living standards were required to achieve happiness, and generated political responses which were both effective and cathartic. In historical accounts, exaggeration of suffering acted as a warning for a new generation of policymakers, and helped to create a bonding myth (a national story of endurance and survival shared on a nationwide scale).

While not treating the 'added-worker effect' in an analytical way, Potts reveals the phenomenon of increasing labour supply at a time of unusually low labour demand. Hence much of the actual hardship (whether lack of money or overwork) was experienced by wives and daughters who were obliged to enter the labour force to try to make up for the reduced earnings of their husbands and fathers. Many of these women's earnings (or barter), at very low hourly rates, did keep their families solvent if only just.

Potts observes negatively-sloped supply curves in agriculture as well as in labour. He states 'Indeed, with increased production to cover falling prices, [primary producers'] main problem with work was too much of it.'

There are some areas that we can be critical of. For example, Potts says

Factory records suggest that the public at large, which must have included many of the poor, did not heavily cut the purchase of new clothing.... From July 1931 onwards into the worst years of unemployment, the value of [factory] production rose again.

He ignores significant reductions of imported goods. The Depression was in fact a period of import substitution, carried out substantially with the very cheap labour of teenage workers, male and female.

Despite best intentions, Potts' primary resource — his sample of interviewees — must have been, to some degree, biased in favour of the physical and

psychological survivors of the Great Depression. Those who failed to re-establish normal lives would have been much less likely to have been available to be interviewed in the 1960s or later. Some of the most dislocated young men of the depression era will have died relatively young; some will have become casualties of World War 2.

Overall, this book, which many readers will approach on account of its title as a neoconservative reinterpretation, turns out to be quite subversive in its concluding pages. In its own way, it is a paean to anti-materialism and work-life balance. The Depression was a time when many reached unexpected happiness through being forced to lead simpler lives, to rediscover nature, and to enjoy the camaraderie of the many friends and neighbours who faced very similar circumstances. More men than in previous decades were money-poor but time-rich; the opposite of the problem too many struggle with today.

An important though implicit theme is how we might cope with a similar-scale economic crisis today. Potts argues that the early 1930s was 'a moment in economic history particularly suited to self-help.' With few parents not already in the workforce today, there is less scope for additional family members to pitch in to save their families from insolvency. The modest 1930s-era unemployment benefits purchased so much then because widespread informal production helped to keep the prices of basic items very low. High market supply combined with low market demand. Could large proportions of today's 20- and 30-somethings switch at short notice, as their great-grandparents did, from industrial modes into informal handicraft modes of production in order to survive tolerably well? David Potts doesn't believe so. With not so many urban vegetable gardens and chicken runs, and with reduced cooking and sewing skills, we can infer that today's Generations X and Y would not cope at all well if faced with a comparable economic crisis.

The Great Depression remains a cautionary tale for today's policymakers.

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