

\$212 million. This was the counterpart to today's Texas and Southwest banks. During 1930, a total of 1,300 banks failed. In 1931, the number of bankruptcies had increased to 2,300. In the successive waves of bank failures that gripped the United States between 1930 and 1932, 5,000 banks were bankrupted. One of these waves came in June 1932, when the banks of Chicago were hit by panic runs. More than 10,000 deposit institutions out of the 25,000 in existence were to disappear during the five years after 1929. This attained the level of a total collapse of the banking system during the last weeks of Hoover's term in spring 1933, starting from banking panics in Detroit and then in Cleveland. From this state of utter prostration, the banking system was raised only by the expedient of temporarily closing all the banks for financial reorganization through the Roosevelt bank holiday, which was declared by the new President on March 5, 1933, the day after his inauguration. Under the Emergency Banking Act of March 9, 1933, conservators would take charge of insolvent banks. Three thousand banks either reopened under conservators or never reopened at all. In spite of this, a functioning banking system was saved. The final collapse of the banking system occurred at the same time that the number of foreclosures on non-farm mortgaged real estate reached its all-time high of 252,400 in 1933.

By the end of 1930, the year that had started off with hopes of quick recovery, the view from AT&T was that the United States depression was "distinctly the most severe in economic history." Unemployment in the industrialized countries has jumped from 5 million in the autumn of 1929 to as much as 22 million by the end of 1930. And that proved to be only the beginning. October 1930 had brought the collapse of the French Oustric banking group, with panic runs on the big Paris banks. Then came the collapse of the Austrian Kreditanstalt bank in the spring of 1931. This was followed by the fall of Germany's Danatbank. On Sept. 20, 1931, the United Kingdom suspended gold payments, de facto departing from the gold standard. Between 1932 and 1934, all European countries except Finland defaulted on war debt payments to the United States. The international financial system, based on looting Germany for reparations to pay British and French war debts to the U.S.A., had ceased to exist.

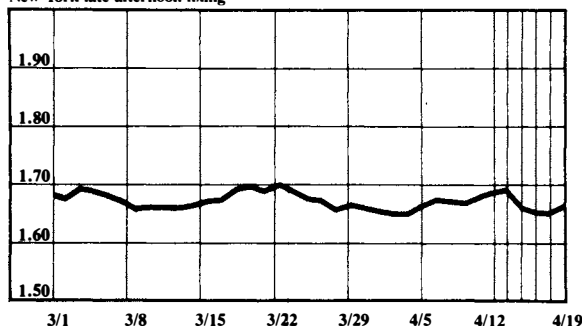
If official unemployment had seemed catastrophic in 1930 with a year-long average of 4.34 million, that increased to 8.02 million in 1931, 12.06 million in 1932, and 12.88 million in 1933, with the latter figure approximating one-fourth of the labor force. From 1930 on, each winter was worse than the preceding one, with pessimism yielding to despair, until, in the horrible winter of 1932-33, suffering and misery reached such levels that numerous observers feared that the integument of human society was about to collapse into chaos.

Unless economic policies are changed, the coming months must bring a far more rapid descent into unplumbed depths of economic depression.

Currency Rates

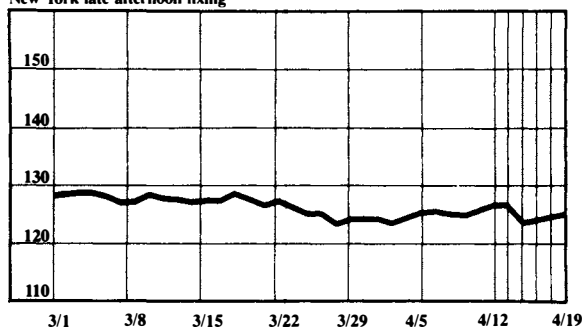
The dollar in deutschemarks

New York late afternoon fixing



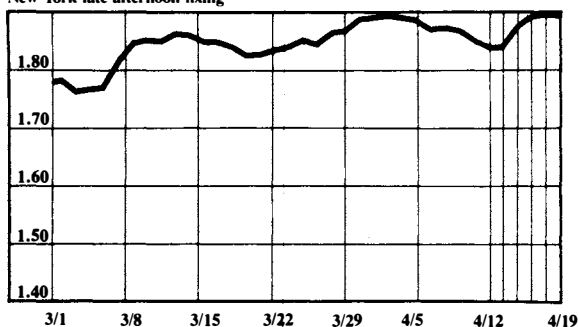
The dollar in yen

New York late afternoon fixing



The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing

