

Crowder, Dr. David L. Oral History Project

# Ernest Eberhard Jr-Experiences of the Depression

By Ernest Eberhard Jr.

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Oral Interview conducted by Ric Sterzer

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Brigham Young University- Idaho

This is an oral history. I am Rick Sterzer. Today, December 2, 1974. I am going to interview President Ernest Eberhard Jr., president of the new Idaho Mission. The general topic will be the effects of the Depression in the Idaho region.

Ric Sterzer: President Eberhard, where were you born?

Ernest Eberhard Jr.: I was born in Stuttgart, Germany.

RS: How long have you lived in Idaho?

EE: Since 1912

RS: Where were your parents born?

EE: They were also born in Germany.

RS: In Stuttgart, Germany?

EE: Yes, Stuttgart. My father was born a little bit south of Stuttgart, Germany, but for all general purposes Stuttgart could be called the place.

RS: What was your occupation prior to being called as a Mission President?

EE: I was an educator. I worked for the department of Seminaries and institutes of religious education for the Church of Jesus Christ of Latter-day Saints. I, however, was coordinator over the Aaronic Priesthood in the office of the Presiding Bishop immediately before my call.

RS: President, I would like to talk just a little about your youth and background. When was it that your family immigrated over to the United States?

EE: In 1912.

RS: This is when they moved to Idaho?

EE: They moved to Idaho. They homesteaded twenty miles south of Nampa, Idaho, and they never moved from that area. They never moved from that farm. That's where I grew up. When I left the farm to go to school, I left from that place.

RS: This was around the area of Melba, Idaho?

EE: It's Melba, Idaho. It's a little town about five miles north of the place where we lived down in the valley.

RS: This is where you received your schooling?

EE: Yes. I attended high school and graduated from the Melba High School.

RS: President, I understand that you fulfilled an LDS mission

EE: Yes. In Switzerland and in Germany. I spent 24 months in Germany in Stuttgart and in Hamburg and then I spent six months in Boswil, Switzerland.

RS: This was during the years of...

EE: 1928 to 1931

RS: President, today I would like to talk about the depression and the effects it had upon the people and upon the agriculture here in the state of Idaho. Now speaking of agriculture, your father then owned a farm in Melba?

EE: Yes. Eighty acres.

RS: Did he raise crops that he sold to the market?

EE: Well, yes, to some extent. Agriculture was quite primitive in Idaho at that time compared to what it is today. We, for example, had very poor outlets for our agricultural products. The income was not very high. It was during the latter part of my youth that they formed milk co-op's in Caldwell and Meridian and this gave us our first real substantial and reliable outlets for farm products.

RS: Milk co-op's. I'm not sure what that is.

EE: Well, the farmers got together and built a milk processing plant. Mostly it was butter and things of that nature. Some of the ways of processing milk and that they have today, of course they didn't have in that time.

There were no cheese plants in that area. It was a matter mostly of butter they manufactured. The Challenge Butter Organization got its start there and they sent most of it to California. Of course, they sold some beef cattle but most of the cattle were dairy cattle there so beef cattle industry wasn't very well developed at that time. We also sold potatoes. Idaho potatoes have always been famous ever since they've been put on the market. It was a very fluctuating market. I've seen many sacks of potatoes go out of our farm at 45 cents a hundred.

RS: That's what I would like to talk about; just for a moment are the potatoes. Prior to the crash of 1929, I was reading an article written by Leonard Arrington where he was talking about the depression and he mentioned where agriculture was in a depression in 1921. He gave an example that in 1919 potatoes cost \$1.51 a bushel and sank down to 31 cents a bushel in 1922. How long did this last where the potatoes were this low?

EE: It lasted a number of years. I'm not too sure, but it lasted a number of years and the market was very depressed. Every one in a while though the main potato crop would fail or some other state that was growing potatoes and the price would go up, but in the main most years it was a depressed situation.

RS: when the crash of 1929 hit, do you know what the price of potatoes were at that time a bushel?

EE: Well, I was in Europe when the crash hit in 1929, and I don't know accurately what the price was. But I know that it wasn't very substantial because I know my folks were in very difficult financial straights.

RS: Speaking of your mission during your mission when the crash hit, I was wondering were the effects the same over there as what your parents wrote and told you they were here?

EE: Yes, they were more severe, for example, I was in Hamburg and 25% of all the workers in Hamburg were out of work at that time. Of course, the effects in Germany were more severe than they were any other place because of the effects of the Owens-Young Reparation Agreement. But I'm sure that the depression was so severe in Germany at that time that it contributed a great deal to the rise of Adolph Hitler, who was the only hope that they had. And I would say that the depression was more severe in Germany than it was over in America, at least in Germany where I was.

RS: Now after your mission you came back and shortly afterwards you were married. Is this correct?

EE: No, I came back and went to the Brigham Young University. I was married in the last half of my senior year.

RS: What were the effects of your going to Brigham Young University? Was it hard to meet the tuition?

EE: Well, it was very difficult. I remember there were four of us in one room. We paid four and half dollars a month rent. We had no heat. We couldn't afford coal. We had a little monkey stove. Sometimes we couldn't afford gas and so we ate our food, so to speak, raw. At that time we got milk for five cents a gallon. Everything else was cheap in the same way. The food that we ate most was oatmeal. Oatmeal and milk and a little pork liver. Sometimes we got the vegetables and so forth that couldn't be sold in the markets at a very reasonable price. We lived on ten dollars a month. That included everything. We did everything to make a dollar. We got shoes and took them into the shoe shops and a percentage basis, and suits; well, we just did anything we could. It was very little work-regular work. I was very fortunate. I taught German and was given my tuition and enough money every month that we lived on.

I say \$10 a month, if that was enough. It was so difficult that in 1934 when I graduated, we were told that in the fall of the 325 graduates of Brigham Young University, 275 were without employment of any kind. And of the fifty who were working, some were shining shoes on the streets of Salt Lake. It was very, very difficult time.

RS: Ten dollars a month! Today that would only go maybe a week.

EE: That's right! But we bought a big 25 lbs. sack of oatmeal and our milk at a nickel a gallon. Sometimes we ate nothing, but oatmeal every meal for a whole week.

RS: Upon graduating President, is this when you came back to Idaho to live?

EE: Yes. I was going to return to Brigham Young University and continue teaching German, but I was offered a position in Preston, Idaho in the seminary system and I took it. I went to Preston in 1934.

RS: Were you in Preston teaching seminary until...

EE: 1959

RS: 1959?

EE: Yes.

RS: During the duration of the depression you taught there?

EE: Yes. I taught during the depression that is if you think the depression has ever been cured or has ever been righted why yes, but I think myself, that the depression problems never been solved. All we did was go into deficit spending.

RS: President, let's get over to the depression. What do you think were the causes of the great depression?

EE: Well, I think that, just about the same as it is now, the stock market was unrealistically driven up. People bought stocks on margin, 10% margin, and the performance just didn't match up to what the promises of the performance. There are probably world wide reasons too. But mainly we went into a time what we thought was extreme affluence and success. We carried out fiscal policies and so forth. Although the government at that time was not in deficit spending business, I think people were trying to get something for nothing and not pay for what they were getting for just like they are today. At that time it was certainly one of the important factors was the stock market, which crashed in October of 1929 and from then on it was down hill. Then, of course, the world wide situation was not good either.

RS: When the stock market did crash this is when business started going out of business and laying people off?

EE: Right. It's a spiral. A downward spiral that just kept going and kept going. Investment capital dried up, people were afraid to reach out and create new products, expand their plants, everybody became very discouraged. I think one thing that characterized it was a great feeling of fear which Roosevelt combated by saying, "All we have to fear is fear." He came in and courage of people.

RS: President, speaking of President Roosevelt I've read, not too many, but a few articles where they seem to downgrade some of the things President Roosevelt did. What is your opinion on the things Roosevelt did?

EE: Frankly, I think history will record that President Roosevelt was probably one of the poorest presidents we've ever had. He did start certain policies. In-other-words, he gave a tremendous impetus to deficit financing which has grown and grown and grown until today we have a debt of 300 billion dollars. We have today a debt service, that is an interest payment. Every year this government has an interest payment which is four times as high as the total government budget was back in the days when he became president. He, in my estimation, made a terrible mistake in the settlement of the war that he made with Russia. He allowed Russians to get into Germany. Instead of letting Eisenhower and Patton go on through, who were already in Czechoslovakia, letting Eisenhower and Patton go on through, who were already in Czechoslovakia, and occupy and Balkans which could have become a buffer. He sat back and waited until the Russians came in. Then, of course, when he made settlement with them the time he met with Stalin at Tyeran. I believe that he was already so far advanced in a state of health that Stalin's doctor indicated to him that Roosevelt probably couldn't stand up to Stalin, who was a very strong individual. I have great misgivings about Roosevelt. I think he started things that just weakened America and are still with us today. Something we haven't licked.

RS: What would be an example of one thing that weakened the United States?

EE: Well I think we never did, for example, tell people that things had to be paid for eventually, and that inflation was just a cruel tax that people have to pay. In other words whenever you issue money in that way it was issued there in deficit financing the generations unborn will yet have to pay for it. Because it reduces the value of the dollar, it reduces the value of savings. It discourages savings and so forth. For awhile it looked like, because of the war, that we had the depression solved but we never really did.

RS: Getting over to the Idaho country, what were some of the things President Roosevelt did to help or attempt to help things here in the state?

EE: Of course, they didn't have much machinery back in those days to handle the problems of the depression. They had the WPA, the so called Alphabet Agencies, and they made work. People raked leaves. The CCC did a good work out in the forest, but they didn't have the strong fiscal policies like the federal reserves and so forth to work with.

They didn't try to manipulate money in that respect. So they really didn't have any outstanding agencies. They made work, but it was really make work. It wasn't like it is today where we have highway programs well planned and other things that they could move into. They just weren't prepared for it, that's all. The depression just hit them cold and they had no organizational capability to taking care of it.

RS: Around Preston, were there any of these groups?

EE: There was the CC camp up there and they had WPA projects. They had everything in Preston they had in any other place. However, things were not as acute in Preston. Because it was almost a 100% farming community. They had a sugar factory there and they had a milk condensation plant there. People had a place to live, and they could get wood to burn. I don't think we saw the effect of the depression there nearly as much. The effects were more or less on the upper levels. People couldn't buy the cars they wanted and things of that nature.

RS: So the people around Preston were farmers?

EE: Yes, they really had the essentials of life. They just didn't have the luxuries, that is all. It was a very stable community. We really didn't feel it too badly. It was always there, of course.

RS: I would like to talk just a moment about the manufacturing in the state of Idaho. I was reading where lumber was at one time, before the depression, a major asset to the state income, where during the depression it declined by 75%.

EE: Yes, house building and all types of construction, of course, dropped down. That is a part of Idaho in which I was not very well acquainted with at that time. It is Northern Idaho, Potlatch, and up there where the great white pine stands are. So it really didn't affect us much in Southern Idaho, which even today doesn't have a very substantial lumbering industry. Idaho is divided into the north which is mining, silver mining especially. And lumber and, of course, their great grain fields and the dry grain fields of Northern Idaho, and the Palouse country in Washington. But Southern Idaho is irrigated by the life blood of Idaho, the Snake River. It has irrigated agriculture. It has been a pretty stable place, not a well to do place. But rally quite stable. We always got by somehow.

RS: Were there factories though in the Preston area that did close down?

EE: No factories closed down in Preston because they processed agricultural products and food is something that people always need and the result was that they really never stopped producing it. It may not have been very profitable, but they always produced it. They sold sugar and milk products and cattle and things of that nature. Preston is quite high altitude. It is a cool place and it raises very good canning products such as peas. They canned a lot of peas there and they were always in demand.

RS: Well President, why do you think the price of food dropped as much as it did during the depression?

EE: Well, there was an abundance of it. Of course, we had just opened up the mid-west and there was a great abundance of food and there was no demand in the world for food. There was no over seas market so to speak of. Backward countries hadn't opened up yet and the demand wasn't there and the population wasn't there to demand the food. Then another thing, transportation for food to the market was a difficult situation. It was expensive and by the time the food got to the eastern countries it was too expensive. So about our only outlet was California and the coast and that, of course, is a great agricultural state. There just wasn't any way of promoting its consumption.

RS: Speaking of transportation, what was transportation like during the depression?

EE: Of course, we had cars. The Model A came out during the depression and they were in light of today's standards, very insophisticated. Our transportation was railroad. WE had very good trains at that time. I generally rode the Portland Rose from Pocatello to Nampa. Such a very fast train and a very fine train. We relied a lot on trains around our own farming community. We all rode horse. I had two fine horses. I rode horses to high school for five miles or drove a buggy sometimes when my brother went. But our transportation was pretty primitive. Outside of cars, which weren't very good and tires weren't very good, we didn't travel very far before we had to have the car overhauled. We relied on trains almost entirely. No airplane travel whatsoever. I was in high school when I saw my first airplane fly.

RS: this kind of shifted then. Well, just thinking of today and back then when trains were more popular than riding a bus or plane.

EE: Right. Of course, we've gone to cars and airplanes almost entirely. Its turned right around.

RS: You rode horse back then when you were in Melba?

EE: Yes I rode to school.

RS: Then when you were in Preston you had your own automobile?

EE: Yes, I had an automobile.

RS: I guess there was plenty of oil?

EE: No problem, no problem.

RS: We have been talking about some of the results of the depression on the negative side. Lets switch it over and talk about the positive aspects. Were there any?

EE: Yes, there surely were. We learned to look over our desires very carefully and our wants and our desires didn't get all mixed up. We were right down on the basic foundation of what was necessary to maintain life. I think people didn't develop a lot of appetite that we have today that couldn't be satisfied. Utility was the word then, it wasn't luxury. Things like today are considered signs or indications of success, which we just never thought of, that's all. So we had simple desires in life. We made our own recreation. We learned to work hard and enjoyed working hard. It gave us a great deal of satisfaction to be able to work consistently and to work hard. We developed a certain toughness. We had no body to help us out, we- to loan us money. No grants, no aids, no welfare, nothing. And it breed a great deal of self reliance in us which I think is priceless. I wouldn't trade the adverse experience of the depression for anything that society could offer me today!



RS: You also said that you formed your own types of recreation. I was just interested in knowing what types of recreation you did during the depression.

EE: Well, we swam the Snake River. That's what every boy did when he was twelve years old. Which was quite a feat by the way and we had some near catastrophes. We bailed some of the boys out and we had some nice big lava rocks that we laid them on and rocked them back and forth. It may not have been very scientific, but it was very effective. We rode horses, we fished, we hunted. We built our own ball field, for example. Nobody built a ball field for us. We played a lot of baseball. We had our athletics in school. We boxed and wrestled, and we just did things of that nature. We climbed mountains and caught rattlesnakes. We did just whatever was around and was available.

RS: Generally speaking, do you feel that people were happy with themselves during the depression?

EE: Yes, we were happy. Everybody was in the depression. No one had any more than anyone else. We all needed each other. I never had the feeling that we were unhappy. We were a little insecure sometimes, but on the other hand we always had the feeling that somehow we could make it. We never turned to anybody else for help. Yes, we were happy.

RS: Then it seems to you, President, that the community of Preston seemed to pull together then during this trying time of the nation?

EE: Yes, very much. Of course, it was a homogeneous community. Ninety-five percent at least were Latter-Day Saints, and of course, their church relationship promoted a lot of that. We didn't have a welfare program at that time. There was no bishop's store house. People just kind of helped each other. They just kind of gave each other things. Nobody really went without to the point where their health and their life was in jeopardy.

RS: Basically, speaking of the church welfare it developed and I correct, during the depression?

EE: In 1936, it really got a good start in Salt Lake, Pioneer Stake, under Harold B. Lee who was then also commissioner of Salt Lake government.

RS: Was there at this time a state and government welfare?

EE: I can't remember that we ever talked about the government giving anybody anything. I suppose there was a poor house welfare over there or something like that. But for those of us there were able to work and to struggle there was no welfare and we never talked about it. We never relied on it.

RS: Also, I'm sure, but there were food lines during the depression, weren't there?

EE: Definitely! Soup lines. Soup kitchens. Yes, there were food lines. However, this was not in Preston. I never saw one in Preston that I could remember and I never saw one in our little community down there. I mean people would go out and pick up potatoes in someone's field.

Plenty of fruit out in the orchard that couldn't be sold. Everybody could raise a calf or two and raise some vegetables. In my life I was never acquainted with soup lines. They were something that characterized the cities, the bigger cities and not where I lived.

RS: Do you feel that it is better living in a farming community during a depression?

EE: If I was to go through a depression this is where I would want to be because it doesn't have the devastating effect that it does in the city where you're out of work and everything stops. You can't eat, you can't do anything. We always had work on the farm. We always planned for the next year's crops. We always had something to eat. Our life wasn't disturbed. It just kind of put us on our mettle. We just worked a little harder and that was good for us.

RS: President we could take a brief break right now perhaps and come back in a few minutes.

RS: President, we were talking about living in small communities compared to the city living. Right now I would just like to go back to the 1929 crash when the banks failed. What do you think was the cause of the banks failing?

EE: Well, of course, there was no federal depositors insurance, at that time and many of the banks were small institutions. They weren't big chains like Bank of America and all the rest, the First Security chains. When people got frightened they went to the banks and they were all through. Sometimes they would bring in 10,000 to 20,000 from another bank to try to reassure people, but as the depression deepened people just drew their money out. The source of their funds that they had to loan was local and when the local people drew their money out that was the end of the bank. Now in a saving institution there is a deposit insurance up to 40,000 and 10,000 in the bank. There was nothing like that at that time.

RS: Now this is money that has to be on hand, is that correct?

EE: No. They buy insurance from the federal government. In other words if you had an account, each account is insured up to that amount. But there was nothing like that available at that time, and when people got frightened they just made a run on the banks, and pretty soon they had all of the available cash out of the bank and there was no bases for the bank to go on.

RS: How many banks in the city of Preston failed during this time?

EE: One bank failed. It really didn't fail in that sense. It failed in the sense that it was bought out by the First Security System. It was a small bank, a local bank like most of them were. When this hit they couldn't maintain themselves and they wisely sold out to the First Security System which was a chain of banks. Not a large one at that time, but a chain of banks and they survived.

RS: Were there other banks in Southern Idaho cities that failed?

EE: I'm not aware of that. We never got out of there. There was a bank down south of us, the Lewiston State bank. I think there was quite a lot of stability. I say that there was more stability

in the banks of Cache Valley than in most places because people were quite stable, they knew each other. They were a people who had gone through bad times. I mean bad weather, bad crops, and bad prices. They didn't panic easily. They communicated with each other. I think that in the bigger cities there was no communication between the banks and their depositors. The rumors spread and they just made a run on the bank and that was it. There was no way to get the people. But there the farmers who had a little money in the bank, they talked with the bankers and it just kind of held together a little better that way.

RS: The people, towards the bankers, were trusting?

EE: That's right. There was a very close relationship between people and the bankers.

RS: President, let's swing our discussion over to businesses. Why do you think a lot of these businesses survived during the depression?

EE: Well, I think that their owners and managers were wise enough to realize that the quantities they should have up for sale were the necessities of life. Luxuries were not sold and they watched their inventories pretty well and didn't get things that on the shelves that they couldn't sell. It was that type of a thing that enabled a business to survive. I was just reading here the other day that around this Christmas time people were buying luxuries to booster their spirits. Now that didn't happen at all during our time. Of course, people weren't accustomed to luxuries. They just didn't know anything about luxuries. They've always lived pretty close. Actually, the depression wasn't that big of a change in their lives. They've always lived pretty close to the danger line, one way or another. Crop failures, price failures, this wasn't so new to them. The gap between them and what was happening during the depression wasn't very great.

RS: President, I would like to look into the future, for just a moment and would like to have your opinion. If there were to be a depression, say happen tomorrow, if the banks were to fail for some reason, what do you think would happen to the United States? Particularly the state of Idaho?

EE: Well, let's say first of all, that I think we're going to experience our first depression in inflation. The depression back when I was a boy was a depression of deflation. In other words there weren't enough dollars around. What we call it now is stagflation. We've got enough dollars around. There seems to be a lot of money. Many, many more dollars than what we had back in that time. But the dollars won't buy anything. Our big problems is that the dollar gets cheaper all the time. Now Germany went through that type of thing and I was over in Germany, shortly after Germany repudiated all of its currency. There is a law, I've forgotten what its name is now, maybe it Gresham's Law, I don't know. But there is a law that says that when a thing does not have it that money always becomes as valued as intrinsic value of the medium that is used for the exchange. For example: if you have gold, gold has a certain value because there is a certain amount of it. Silver has a certain value. Eventually in Germany paper money became worth what the papers worth. You see that was the intrinsic value with gold it was on thing. Now the Indians they had wampum and so forth. Well, there was so much of it and because there was only so much of it, it couldn't be expanded like paper money can. But I saw a \$100,000 bank notes in Germany that were stamps with \$500 billion. At that point you couldn't

pay the printer to print it on, you couldn't hardly pay for the ink to put it on. But when it was just tied to money it was printed or with which it was created. So I think we are up against the same type of things.

RS: So do you feel President that this type of a depressed inflation depression that we would be worse off?

EE: Well, yes, I think so. The end result of an inflation depression like that was in Germany and other places, is the repudiation of your currency. I mean wipe it all out and all start over again. Well, we had a depression, a deflation depression you still had your dollars. You didn't have very many of them but they were solid and when you started to go you could build on that dollar again. I think this is one of the things that bewilders the United States at the present time is they've never had an experience a national experience with a depression of inflation. Now the Europeans countries in the world fighting inflation. The people over there are willing to take measures, fighting measures, for the creation of fiat money, inflation money. Their currency is sound. Their currency hasn't been devalued. In fact, the word now is their going valued up. But we haven't had one like that. It doesn't make any difference whether the government goes out and prints dollar bills without anything behind it so to speak or whether you go downstairs and print counterfeit bills. It's the same result in the long run. The only thing is the government can do it legally, so to speak. But speaking with the laws of economics they can't get away with it any more than you can. You've got to have value behind the money. When you've got more dollar bills floating around than you have goods then you don't have any value behind X number of dollar bills you see that are over and beyond the goods. You just don't have them.

RS: It seems like today that we're going on a trust system behind our dollar bills?

EE: Entirely. Now if we had houses behind the dollar bills or factories behind the dollar bills that would be alright. But we don't have that. We just have a lot of money floating around. A lot of money that's created because of the Federal Reserve through the manipulations that they go through can create the money through their banks. This is based almost entirely upon the need of the federal government's deficit spendings. Then on the other hand, something that we have to remember also is we've been involved in a terribly costly situation in the Orient. In Korea in Vietnam, we've been involved in the space program that has cost around \$30 billion, we've given away \$140 billion through our aid program, and none of them create any real wealth in our own country. You see what I mean. They all disappear. Military machinery doesn't create wealth. And we've been involved in a number non-wealth activities that we've paid for with money that we've paid for the money that we've printed down in Washington D.C. you can only do that so long. The only reason that it's gone this long is that we have our savings account, we have our pensions, life insurances and so forth to fall back on. The dollar is becoming cheaper and cheaper and cheaper. We've started to cut those down. This is the value of our whole thing now is the chickens are coming home to roost, that's what it amounts to. If we're not going to use metal base for our money, we've at least got to have some type of value behind that money besides a printing press. Otherwise, after a while the money will be worth the medium on which it is printed, paper.

RS: President, if we do go into another depression....

EE: I think we are in one now. I mean you call it a recession if you want to, but around the edges it looks like a depression.

RS: Do you feel confident that we as a people in Idaho and the United States will be able to pull ourselves up out of a depression?

EE: Well, if I was going to be any place during a depression I would want to be in Idaho. I certainly would. I think that the people here would have a background they have the character, and they have the agricultural base and so forth. We would all eat, we would all live. We wouldn't have the luxury, but we would get along. I think Idaho would be as good a place as any to be.

RS: Talking today, what I find out about the community of Preston where they were pulling for each other, it seems to me that's where I would want to be is in a farming community.

EE: That's a very fine community, a very fine community.

RS: Well, President Eberhard I would like to thank you very much for the information which we have received today. This tape will be placed in the library at Ricks College for use by future researchers.

EE: Fine. Its been a pleasure to talk to you about it.