

1930's Depression

CCHS Heritage Notes

for 12-24-13

During the 1930's Clay County experienced the worst depression in its history. The nation's economic collapse is generally blamed on the stock market crash in October 1929, but South Dakota's crisis had its beginnings as early as World War I.

War conditions pushed farm prices up, in turn leading to increased production. Farm prices at the war's end sparked a land boom. Clay County land prices rose rapidly during 1919 and 1920. Purchases at a hundred dollars an acre and up were common. A farm near Vermillion sold at \$400 an acre.

Toward the end of 1920 the Federal Reserve began to raise its discount rates, and prices for both farm produce and land dropped sharply. The average price of corn dropped from \$1.10 to 26 cents per bushel. Cattle averages dropped from \$54 to \$29 per head.

The sharp erosion of farm income coupled with the shrinkage in property values was making it difficult for farmers to meet their banking obligations. Banks began to incur heavy losses from overextended loans. In Clay County the Wakonda State Bank and the Bank of Burbank both suspended operations in 1927. The Bank of Meckling closed in 1930.

The hard times set in motion economic moves that included local government budget cuts and elimination of services. In 1931 the Clay County Commissioners decreased the tax levy by 60% and lowered the assessed valuation by 40%. County officials salaries were reduced in 1933 by legislative action.

The Vermillion City Council made large budget cuts, including reducing the 1932 City payroll by 11%. To offer relief to consumers it also made three reductions in electric rates during 1932. The Vermillion School Board was also forced to reduce salaries in the 1933 budget by 25%.

The University teaching staff sustained a 10% salary reduction in 1932, followed by a 25% decrease in 1933.