

LIFE | LIBERTY | PROPERTY | HAPPINESS

A series to inspire a recommitment to free enterprise and our nation's founding principles as the driving forces for economic prosperity and happiness for all in Sarasota County

Part X

Thrift, savings, character, vision

Today's comparisons to the Great Depression often overlook an important lesson: Our future prosperity hinges on everyone living financially responsible today.

On the afternoon of Thursday, Nov. 12, 1931, Steve Hatalla walked away from the office of the Central Construction Corp. in Harrisburg, Pa., without a job. Hatalla was laid off until building started up again, and there was work for him.

Four years and three months later, Hatalla was still without a job. Forty-three years old, strong and healthy, he was eminently employable.

Hatalla was married with four children. When he lost his job, Hatalla had no money in the bank. He owned a house and was paying off the mortgage.

To stay afloat, he cashed in two life insurance policies and took out a personal loan. He obtained occasional jobs helping a neighbor build a garage or lay a sidewalk. His credit was good for a while with the grocer, milkman and gas and electric company.

He managed, but each year he and his family kept getting more and more into debt. He thought he could hold the creditors off until he found another job, but he couldn't. On Oct. 28, 1932, Hatalla set aside his pride and went to a welfare agency. He went through the relief mill, charity, the state and finally to the Works Progress Administration.

\$1,600 down, \$1,500 loan

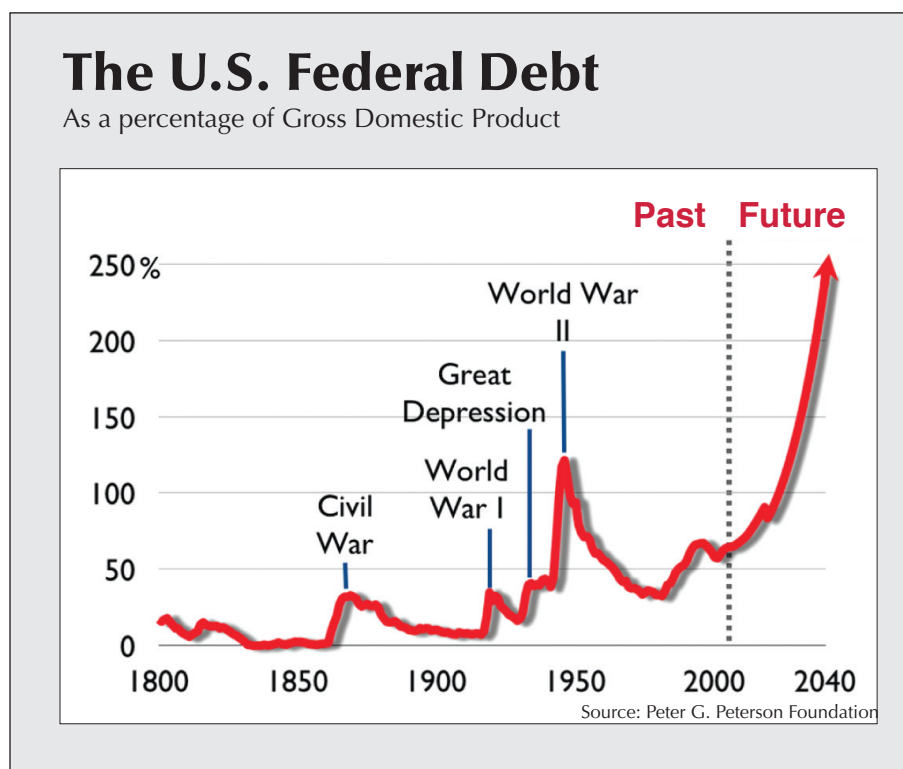
During the four years that Hatalla was out of work, his family did not starve. The Hatallas did not go naked. They had a roof over their heads though they lost their home.

Hatalla was born in Croatia where his father was a farmer. His older brother had emigrated to America, and in 1909 when he was 16 Hatalla bought a one-way ticket to Harrisburg, where his brother lived and worked.

Hatalla was a handy fellow and picked up on the construction trades quickly. He made good money. He met and married his wife, Mary, who had arrived from Hungary in 1911.

In 1919, Hatalla went to work for the Central Construction Corp., the largest contracting firm in Harrisburg. The building boom was on and there was plenty of work to be done.

In 1923, Hatalla had saved up the considerable sum of \$1,600 and bought a house. Hatalla paid \$3,100 for the house — \$1,600 in cash and took out a \$1,500 mortgage with the bank. Even with increasing wages, Hatalla never kept up with the interest



payments on the mortgage. There were so many other things to buy with the money — a player piano, a cabinet radio, a gas stove, a washing machine. So there was never enough to pay the mortgage.

In 1929, Hatalla went to the Harris Building and Loan Association and obtained a new mortgage of \$1,900 with which to pay off the principal and back interest of the first mortgage. The terms of the new mortgage were \$19 per month — \$9.50 to be applied to principal, \$9.50 for interest.

Bank finally foreclosed

In two years, Hatalla made only five payments. In 1931, the bank, reluctant to foreclose, and anxious to get what it could from the deal, reduced the mortgage to \$1,800, with monthly payments of \$18.

This was also the year Hatalla lost his job. During the next 12 months, Hatalla went heavily into debt. He looked for work but couldn't find it. He didn't want to ask for charity. He thought that something would turn up where he could pay his debts and get started again.

When nothing did turn up his story became that of another man on relief. And all the time the cold wall of debt and eviction stood between his family and any mirage of security.

Finally, in January 1933, the bank took over the house, but allowed

Hatalla and his family to go on living in it at a rental rate of \$20 a month.

On Christmas Eve, 1935, perturbed that Hatalla had only paid three months rent in two years, the bank sent an agent to evict the family from the house. After final eviction, Hatalla was at the mercy of the welfare agencies to pay his bills for food, gas and electric.

In the end, the WPA took over the support of more than half of Harrisburg's unemployed men.

When we left Hatalla, he opined, "Roosevelt does the best he can, and maybe things will work out all right. Maybe we will all get good jobs and good wages again. If we don't, it's going to be too bad. We got to wait and see. This WPA project will last till spring, or maybe for a year. And then what? We just got to wait and see."

History is repeating today

Hatalla's story is not fiction. It is real, condensed from an article entitled, "Family on Relief," published in Fortune magazine, February 1936. Hatalla's story is history repeating itself today.

Regardless of statistics, it's a "recession" when your neighbor loses his job, but it is a "depression" when you lose yours. Many people today are facing the Hatalla lifestyle, but on 21st century terms. Hatalla's story, which is lost by so many

individuals, corporations and our federal government, is the need to be financially responsible if we expect to create opportunity for tomorrow.

The Peter G. Peterson Foundation points out that "every American is now burdened, most of them unknowingly, with more than \$175,000 in federal liabilities and unfunded government promises. As 78 million baby boomers prepare to retire, the sum of America's unfunded liabilities and unfunded, off-the-balance sheet entitlement promises currently exceeds three times the size of the entire U.S. economy.

Sea change is needed

We are facing the need for a massive national sea change from our belief that everything can be charged on a credit card, with no responsibility, nor care about when it ever gets paid back.

Where and when do the efforts begin to cut unneeded expenditures at the federal, state, local and household levels?

Like Hatalla, many believe that from somewhere, something will miraculously appear to make all of our financial problems right. But we cannot escape the responsibility of tomorrow by evading it today.

This country was built on hope and belief in our future. When we fall into a time like the present, when the tree of business is crowded with dead and dying branches and the growth of the tree begins to suffer, we run into the need to cut the rotten branches down.

The need for thrift, savings

Recession is a small price to pay if it leads us to change the way we balance our financial lives. Hopefully, this experience will be like sitting on a pin; that it will make us all jump up and do something.

Prosperity and savings go hand in hand, and if we expect to avoid depression, all of us, including government, can never have too much money in reserve. As the late Treasury Secretary John Snyder said in the 1940s:

"It took thrift and savings, together with tremendous character and vision, to make our nation what it is today. And it will take thrift and savings, together with constant ingenuity and stamina, to conserve our remaining resources to enable us to continue to be a great nation."

It feels like it's time for change.

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