

HOOVER'S RESPONSE TO THE GREAT DEPRESSION, 1929-1933

Herbert Hoover was the President who first had to deal with the increasingly deeper depression in the United States. Hoover had taken office in 1929, after having served as Coolidge's Secretary of Commerce. An engineer by training, Hoover was a good businessperson, self-made millionaire, and humanitarian. During and after World War I, he had an international reputation as the leader of the relief effort to aid starving people and to help Europe recover economically.

Hoover's Actions to Halt the Depression

In order to improve economic conditions, Hoover took the following actions:

- Tried to restore confidence in the American economy with such statements as, "Prosperity is just around the corner."
- Altered his view that government should not become directly involved in the economy. He promoted programs that aided businesses on the grounds that as businesses recovered the economic benefits would "trickle down" to the people.
- Organized the Reconstruction Finance Corporation (1932) to lend money to railroads, mortgage and insurance companies, and banks on the verge of bankruptcy.
- Set a precedent for Franklin Roosevelt's New Deal with his use of federal works projects in order to create jobs and stimulate the economy.
- Worked for voluntary agreements from businesses not to lower wages or prices. But as companies increasingly faced collapse, they often could not honor these promises.
- Halted payment of war debts by European nations.

Failure of Hoover's Program

Despite these efforts, Hoover's refusal to provide direct relief damaged his image as the nation's leader. Also damaging was his insistence, in the face of worsening conditions, that the economy was improving.

In the summer of 1932, thousands of unemployed World War I veterans and their families set up camps in Washington, D.C., to demand early payment of the bonus due to them for their war service. When the bill was defeated by Congress, most of the Bonus Expeditionary Force, or **Bonus Army**, refused to leave town. Hoover insisted that the veterans were influenced by Communists and other agitators. He called out the United States Army under Chief of Staff Douglas MacArthur to break up the Bonus Army's camps and disperse the veterans. The pictures showing tanks and tear gas being used against veterans undermined what little popularity Hoover had left.

Herbert Hoover took many steps to use the power of the federal government to stop the growing depression. In the end, his efforts were still too little. Historians still debate whether he should be praised for the efforts he did make or condemned for not going far enough.

Hoover's ability to act was limited by his beliefs. He had great faith in the American economic system, insisting that the forces of the market would eventually set the economy right again. He stood for the Puritan work ethic—the idea that one will be rewarded for hard work. He also believed in voluntary rather than governmental action to solve problems of society. He believed in self-help and therefore opposed direct relief, or the "dole," on the grounds that it would destroy people's "rugged individualism."

1. What cabinet position did Hoover hold in Coolidge's administration?

2. During what year did Hoover take office?

3. What statement did Hoover use to restore American's confidence in the economy?

4. What did the Reconstruction Finance Corporation do?

5. How did Hoover attempt to help workers?

6. Why did Hoover's efforts fail?

7. What did the Bonus Army want?

8. How did Hoover handle the Bonus Army?

9. Why did Hoover's beliefs hurt his efforts to help end the depression?

10. What does the term "the dole" mean?

