Hoover in the Great Depression

Herbert Hoover

* 31st president
* Republican
* 1929-1933
* Big Businessman
* Worried about the economy but did not take any steps initially to deal with issues
* Believed the govt should take a limited approach in dealing with economy
* Blamed (quite possible erroneously for the economic troubles of the time)

Initial Steps

* Volunteerism-asked businesses to voluntarily refrain from decreasing wages and lay-offs
* These efforts did not work
* Supported public works at the state and local level (not federal level)
* Made some construction jobs but not enough
* Hoover didn’t want to massively increase govt spending (someone has to pay, either through higher taxes or run a deficit by borrowing money from banks=takes loan money away from Americans)

Pumping Money into the Economy

* National Credit Corporation in October 1931 to create a pool of money to enable troubled banks to continue lending money in their communities
  + Hoover persuaded New York bankers to contribute, but the money was not enough
* Reconstruction Finance Corporation in 1932
  + Government makes loans to banks, railroads, and agricultural institutions
  + RFC is overly cautious and failed to increase its loans in sufficient amounts to meet the need
  + Economy continues to decline
* Direct Help for Citizens
  + Hoover opposes federal government participating in relief
  + Only state and local govts should do this
  + Problem: local govts running out of money
  + 1932: Congress passes Emergency Relief and Construction Act which calls for $1.5 billion in public works and $300 million in loans to states for direct relief
  + Too late to reverse accelerating economic collapse

Reaction of the Americans

* Growing discontent with Hoover
* People engage in Hunger Marches in January 1931 in Oklahoma City and in Washington DC on December 5, 1932
* One million farm foreclosures cause farmers to start revolting by destroying crops
* Bonus Army marches: Soldiers are due bonuses in 1945
  + Patman Bill which would authorize early payment goes to the Senate
  + Veterans begin to march from Portland, Oregon to Washington in a month and reach DC
  + 15,000 veterans
  + Patman Bill is denied, angering veterans
  + Some veterans leave, some stay in unoccupied buildings
  + Hoover orders that the buildings be cleared, but in the process two veterans are accidentally killed
  + Hoover wants the veteran camps to be left alone and sends General Douglas MacArthur to clear the buildings, but MacArthur violently clears the buildings, using tear gas and bayonets
  + Unarmed veterans are chased and injured, and a baby boy dies from tear gas
  + Paints an ugly picture for Americans

Overall

* Hoover took some steps to aid the economy (RFC) more than any other president
* Bonus Army and degree of the Depression tainted his presidency