



# Hoover's Response to the Depression

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Chapter 9 Section 3  
US History (EOC)



# Lesson Objectives:

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Students will...

be able to summarize the critical problems that threatened the American economy in the late 1920s.

Students will...

be able to describe the causes of the stock market crash and Great Depression.

Students will...

be able to explain how the Great Depression affected the economy in the United States and throughout the world.

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# **Essential Question:**

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**WHAT WERE THE CAUSES  
AND CONSEQUENCES OF  
THE GREAT DEPRESSION?**

# President Herbert Hoover



# Hoover's Response

- **Did Hoover promote recovery?**
  - NOT REALLY! Hoover originally thought the depression would fix itself in 60 days
  - Hoover believed that “rugged individualism” would force the economy to move.
- **Did Hoover really know what was going on?**
  - YES! Hoover wrote *American Individualism* (1922)
    - Explained why social, political, spiritual, and economic systems in America were the best
- **What did Hoover do to help the economy?**
  - Conferences with banks, railroads and big businesses
  - Conferences with labor leaders and government officials

# Solutions Presented...

<b>Group Involved:</b>	<b>Idea to help...</b>	<b>Did it work?</b>
<b>Industry Leaders</b>	<b>Keep factories open and stop slashing wages</b>	<b>NO! promises broken by 1931</b>
<b>President Hoover</b>	<b>Increase funding for public works</b>	<b>Some: Construction jobs employed a small number of individuals</b>



# Did They Work?

- **What did the government do to help? NOT MUCH!**
  - Deficit spending would mean borrowing money – making less loans available to the people.
  - Increasing taxes would mean that the people would have less money at home.
- **Did the Depression impact the Mid-Term Elections of 1930? YES!**
  - Republicans (the party in power) were blamed for the Depression = lost 49 seats



# Trying to Rescue Banks

- **How did Hoover try to help the Banks?**
  - Requested the Federal Reserve Board print MORE money.
  - Hoover thought this would ease the money shortage
  - This move would cause INFLATION!
- **What could Hoover do?**
  - Hoover created the National Credit Corporation (NCC) – this would help troubled banks be able to lend money
    - **Did this work? NO!**
- **1932: Hoover requests the establishment of the Reconstruction Finance Corporation**
  - This organization lent ~\$238 million to banks, railroads, and building-and-loan associations
  - Did this help? NO – the economy continued to decline.





# Direct Help for Citizens

- **What is relief?** – aid in the form of money or supplies for those in need
  - This would be given **DIRECTLY** to the people
  - Hoover opposed this idea – the federal government should not interfere with state/local governments.
- **By 1932:** state/local governments were running out of money
- **By 1932:** private charities were not able to handle the crisis
- **Congress passed the Emergency Relief and Construction Act**
  - \$1.5 billion for public works
  - \$300 million in emergency loans to the states for direct relief
  - 1<sup>st</sup> time in American history the federal government supplied relief
  - Too little – too late!





## Hunger Marches and Farm Protests

- **The American people became so desperate that looting increased:**
  - January 1931: Oklahoma City residents looted a grocery store
  - February 1931: Minneapolis grocery store looted
- **The American Communist Party organized rallies called "hunger marches"**
  - December 1932: 1200 marched in Washington DC
  - Chanted: "feed the hungry, tax the rich"
  - Congress allowed the marchers to petition the government (a right of the people)
- **Farmers also began protesting** - destroying their crops trying to raise prices (reduce supply).
- **Georgia:** dairy farmers dumped their milk (and that of others) into ditches.

# The Bonus Marchers

- **After WWI, Congress had promised veterans \$1000 – to be distributed in 1945**
- **Could the money be disbursed earlier? YES!**
  - 1929: Congressman Wright Patman introduced a bill to distribute earlier
  - 1932: hundreds of Oregon veterans began a March on Washington.
    - This march increased to almost 1,000 veterans
    - The press dubbed this group the “Bonus Army”
- **Where did the veterans go once in Washington?**  
Hooverilles
  - The group increased to 15,000!
  - Hoover refused to meet with the marchers – ordering the police to remove them from Washington
  - General Douglas MacArthur ignored Hoover’s order to clear buildings (cleared camps)
  - MacArthur sent in the cavalry, infantry, and tanks to remove the veterans from the camps.

# Bonus Army Marchers

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