

SECTION 3

Hoover Struggles with the Depression

MAIN IDEA

President Hoover's conservative response to the Great Depression drew criticism from many Americans.

WHY IT MATTERS NOW

Worsening conditions in the country caused the government to become more involved in the health and wealth of the people.

Terms & Names

- Herbert Hoover
- Boulder Dam
- Federal Home Loan Bank Act
- Reconstruction Finance Corporation
- Bonus Army

One American's Story

Oscar Ameringer was a newspaper editor in Oklahoma City during the Great Depression. In 1932, he traveled around the country collecting information on economic and social conditions. Testifying in unemployment hearings that same year, Ameringer described desperate people who were losing patience with the government. "Unless something is done for them and done soon you will have a revolution on hand." Ameringer told the following story.



A PERSONAL VOICE OSCAR AMERINGER

"The roads of the West and Southwest teem with hungry hitchhikers. . . . Between Clarksville and Russellville, Ark., I picked up a family. The woman was hugging a dead chicken under a ragged coat. When I asked her where she had procured the fowl, first she told me she had found it dead in the road, and then added in grim humor, 'They promised me a chicken in the pot, and now I got mine.'"

—quoted in *The American Spirit*

▲ A Depression-era family from Arkansas walks through Texas, looking for work in the cotton fields along the Rio Grande.

The woman was recalling President Hoover's empty 1928 campaign pledge: "A chicken in every pot and a car in every garage." Now many Americans were disillusioned. They demanded that the government help them.

Hoover Tries to Reassure the Nation

After the stock market crash of October 1929, President **Herbert Hoover** tried to reassure Americans that the nation's economy was on a sound footing. "Any lack of confidence in the economic future . . . is foolish," he declared. In his view, the important thing was for Americans to remain optimistic and to go about their business as usual. Americans believed depressions were a normal part of the business cycle. According to this theory, periods of rapid economic growth were naturally followed by periods of depression. The best course in a slump, many

experts believed, was to do nothing and let the economy fix itself. Hoover took a slightly different position. He felt that government could play a limited role in helping to solve problems.

HOOVER'S PHILOSOPHY Herbert Hoover had been an engineer, and he put great faith in the power of reason. He was also a humanitarian, as he made clear in one of his last speeches as president.

A PERSONAL VOICE HERBERT HOOVER

"Our first objective must be to provide security from poverty and want. . . . We want to see a nation built of home owners and farm owners. We want to see their savings protected. We want to see them in steady jobs. We want to see more and more of them insured against death and accident, unemployment and old age. We want them all secure."

—"Challenge to Liberty," October 1936

Like many Americans of the time, Hoover believed that one of government's chief functions was to foster cooperation between competing groups and interests in society. If business and labor were in a conflict, for example, government should step in and help them find a solution that served their mutual interests. This cooperation must be voluntary rather than forced, he said. Government's role was to encourage and facilitate cooperation, not to control it.

On the other hand, Americans also valued "rugged individualism"—the idea that people should succeed through their own efforts. They should take care of themselves and their families, rather than depend on the government to bail them out. Thus, Hoover opposed any form of federal welfare, or direct relief to the needy. He believed that handouts would weaken people's self-respect and "moral fiber." His answer to the needy was that individuals, charities, and local organizations should pitch in to help care for the less fortunate. The federal government should direct relief measures, but not through a vast federal bureaucracy. Such a bureaucracy, he said, would be too expensive and would stifle individual liberties. **A**

However, when the Depression took hold, moral fiber wasn't what people were worried about. Hoover's response shocked and frustrated suffering Americans.

HOOVER TAKES CAUTIOUS STEPS Hoover's political philosophy caused him to take a cautious approach to the depression. Soon after the stock market crash, he called together key leaders in the fields of business, banking, and labor. He urged them to work together to find solutions to the nation's economic woes and to act in ways that would not make a bad situation worse. For example, he asked employers not to cut wages or lay off workers, and he asked labor leaders not to demand higher wages or go on strike. He also created a special organization to help private charities generate contributions for the poor.

None of these steps made much of a difference. A year after the crash, the economy was still shrinking, and unemployment was still rising. More companies went out of business, soup kitchens became a common sight, and general misery continued to grow. Shantytowns arose in every city, and hoboes continued to roam.

MAIN IDEA

Summarizing

A What were some of Hoover's key convictions about government?

KEY PLAYER



HERBERT HOOVER
1874–1964

Born to a Quaker family in Iowa, Herbert Hoover was orphaned at an early age. His life was a rags-to-riches story. He worked his way through Stanford University and later made a fortune as a mining engineer and consultant in China, Australia, Europe, and Africa. During and after World War I, he coordinated U.S. relief efforts in Europe, earning a reputation for efficiency and humanitarian ideals.

As president, Hoover asserted, "Every time we find solutions outside of government, we have not only strengthened character, but we have preserved our sense of real government."



▲ This 1930s postcard, displaying a hand-colored photograph, shows the mammoth scale of Boulder Canyon and Boulder Dam.

BOULDER DAM One project that Hoover approved did make a difference. Years earlier, when Hoover served as secretary of commerce, one of his earliest proposed initiatives was the construction of a dam on the Colorado River. Aiming to minimize federal intervention, Hoover proposed to finance the dam's construction by using profits from sales of the electric power that the dam would generate. He also helped to arrange an agreement on water rights among the seven states of the Colorado River basin—Arizona, California, Colorado, Nevada, New Mexico, Utah, and Wyoming.

By the time the massive project won congressional approval in 1928, as part of a \$700 million public works program, Hoover occupied the White House. In the fall of 1929, nearly one year into his presidency, Hoover was finally able to authorize construction of **Boulder Dam** (later called Hoover Dam). At 726 ft. high and 1,244 ft. long it would be the world's tallest dam and the second largest. In addition to providing electricity and flood control, the dam also provided a regular water supply, which enabled the growth of California's massive agricultural

economy. Today, the dam also helps to provide water for cities such as Los Angeles and Las Vegas.

DEMOCRATS WIN IN 1930 CONGRESSIONAL ELECTIONS As the country's economic difficulties increased, the political tide turned against Hoover and the Republicans. In the 1930 congressional elections, the Democrats took advantage of anti-Hoover sentiments to win more seats in Congress. As a result of that election, the Republicans lost control of the House of Representatives and saw their majority in the Senate dwindle to one vote.

As Americans grew more and more frustrated by the Depression, they expressed their anger in a number of ways. Farmers stung by low crop prices burned their corn and wheat and dumped their milk on highways rather than sell it at a loss. Some farmers even declared a "farm holiday" and refused to work their fields. A number blocked roads to prevent food from getting to market, hoping that food shortages would raise prices. Some farmers also used force to prevent authorities from foreclosing on farms.

By 1930, people were calling the shantytowns in American cities "Hoovervilles"—a direct slap at the president's policies. Homeless people called the newspapers they wrapped themselves in "Hoover blankets." Empty pockets turned inside out were "Hoover flags." Many Americans who had hailed Hoover as a great humanitarian a few years earlier now saw him as a cold and heartless leader.

MAIN IDEA

Making Inferences

B Why do you think people blamed Hoover for the nation's difficulties?

Despite public criticism, Hoover continued to hold firm to his principles. He refused to support direct relief or other forms of federal welfare. Some Americans were going hungry, and many blamed Hoover for their plight. Criticism of the president and his policies continued to grow. An anonymous ditty of the time was widely repeated. **B**

“Mellon pulled the whistle
Hoover rang the bell
Wall Street gave the signal
And the country went to hell.”

Hoover Takes Action

As time went on and the depression deepened, President Hoover gradually softened his position on government intervention in the economy and took a more activist approach to the nation's economic troubles.

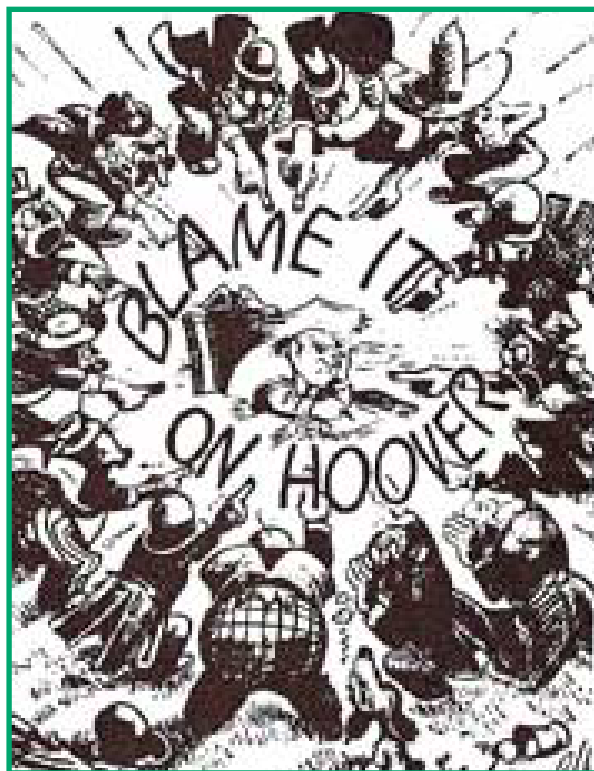
HOOVER BACKS COOPERATIVES In Hoover's view, Boulder Dam was a model of how the federal government could encourage cooperation. His attempts to relieve the depression involved negotiating agreements among private entities, again reflecting his belief in small government. For example, he backed the creation of the Federal Farm Board, an organization of farm cooperatives. The Farm Board was intended to raise crop prices by helping members to buy crops and keep them off the market temporarily until prices rose.

In addition, Hoover tried to prop up the banking system by persuading the nation's largest banks to establish the National Credit Corporation. This organization loaned money to smaller banks, which helped them stave off bankruptcy.

DIRECT INTERVENTION By late 1931, however, many people could see that these measures had failed to turn the economy around. With a presidential election looming, Hoover appealed to Congress to pass a series of measures to reform banking, provide mortgage relief, and funnel more federal money into business investment. In 1932, Hoover signed into law the **Federal Home Loan Bank Act**, which lowered mortgage rates for homeowners and allowed farmers to refinance their farm loans and avoid foreclosure. It was not until Hoover's time in office was over that Congress passed the Glass-Steagall Banking Act, which separated investment from commercial banking and would, Congress hoped, prevent another crash.

Hoover's most ambitious economic measure, however, was the **Reconstruction Finance Corporation (RFC)**, approved by Congress in January 1932. It authorized up to \$2 billion for emergency financing for banks, life insurance companies, railroads, and other large businesses. Hoover believed that the money would trickle down to the average citizen through job growth and higher wages. Many critics questioned this approach; they argued that the program would benefit only corporations and that the poor still needed direct relief. Hungry people could not wait for the benefits to trickle down to their tables.

In its first five months of operation, the RFC loaned more than \$805 million to large corporations, but business failures continued. The RFC was an unprecedented example of federal involvement in a peacetime economy, but in the end it was too little, too late. **C**



▲ In this cartoon, Americans point their fingers at a beleaguered President Hoover.

Vocabulary

refinance: to provide new financing; to discharge a mortgage with a new mortgage obtained at a lower interest rate

MAIN IDEA

Evaluating Decisions

C What were some of the projects proposed by Hoover, and how effective were they?

DIFFICULT DECISIONS

HOOVER AND FEDERAL PROJECTS

On the one hand, President Hoover opposed federal welfare and intervention in the economy. On the other, he felt that government had a duty to help solve problems and ease suffering. The question was, What kind of assistance would be proper and effective?

1. Consider the pros and cons of Hoover's actions during the Depression. Did he do enough to try to end the Depression? Why or why not?
2. If you had been president during the Great Depression, what policies would you have supported? Explain the approach you would have taken.

Gassing the Bonus Army

In 1932, an incident further damaged Hoover's image and public morale. That spring, between 10,000 and 20,000 World War I veterans and their families arrived in Washington, D.C., from various parts of the country. They called themselves the Bonus Expeditionary Force, or the **Bonus Army**.

THE PATMAN BILL DENIED Led by Walter Waters, an unemployed cannery worker from Oregon, the Bonus Army came to the nation's capital to support a bill under debate in Congress. The Patman Bill authorized the government to pay a bonus to World War I veterans who had not been compensated adequately for their wartime service. This bonus, which Congress had approved in 1924, was supposed to be paid out in 1945 in the form of cash and a life insurance policy, but Congressman Wright Patman believed that the money—an average of \$500 per soldier—should be paid immediately.

Hoover thought that the Bonus Marchers were "communists and persons with criminal records" rather than veterans. He opposed the legislation, but he respected the marchers' right to peaceful assembly. He even provided food and supplies so that they could erect a shantytown within sight of the Capitol. On June 17, however, the Senate voted down the Patman Bill. Hoover then called on

In 1932, these veterans from Muncie, Indiana, decided to remain in the capital until their bonus was paid to them.



MAIN IDEA

Summarizing

D What did the Bonus Army want?

the Bonus Army marchers to leave. Most did, but approximately 2,000, still hoping to meet with the president, refused to budge. **D**

HOOVER DISBANDS THE BONUS ARMY Nervous that the angry group could become violent, President Hoover decided that the Bonus Army should be disbanded. On July 28, a force of 1,000 soldiers under the command of General Douglas MacArthur and his aide, Major Dwight D. Eisenhower, came to roust the veterans. A government official watching from a nearby office recalled what happened next.

A PERSONAL VOICE A. EVERETTE MCINTYRE

“The 12th infantry was in full battle dress. Each had a gas mask and his belt was full of tear gas bombs. . . . At orders, they brought their bayonets at thrust and moved in. The bayonets were used to jab people, to make them move. Soon, almost everybody disappeared from view, because tear gas bombs exploded. The entire block was covered by tear gas. Flames were coming up, where the soldiers had set fire to the buildings to drive these people out. . . . Through the whole afternoon, they took one camp after another.”

—quoted in *Hard Times*

In the course of the operation, the infantry gassed more than 1,000 people, including an 11-month-old baby, who died, and an 8-year-old boy, who was partially blinded. Two people were shot and many were injured. Most Americans were stunned and outraged at the government’s treatment of the veterans.

Once again, President Hoover’s image suffered, and now an election was nearing. In November, Hoover would face a formidable opponent, the Democratic candidate Franklin Delano Roosevelt. When Roosevelt heard about the attack on the Bonus Army, he said to his friend Felix Frankfurter, “Well, Felix, this will elect me.” The downturn in the economy and Hoover’s inability to deal effectively with the Depression had sealed his political fate.



ASSESSMENT

1. TERMS & NAMES For each term or name, write a sentence explaining its significance.

•Herbert Hoover
•Boulder Dam

•Federal Home Loan Bank
Act

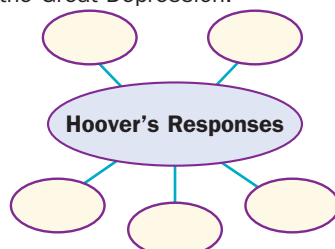
•Reconstruction Finance
Corporation

•Bonus Army

MAIN IDEA

2. TAKING NOTES

In a cluster diagram, record what Hoover said and did in response to the Great Depression.



Which response was most helpful?
Explain your choice.

CRITICAL THINKING

3. ANALYZING ISSUES

How did Hoover’s belief in “rugged individualism” shape his policies during the Great Depression?

Think About:

- what his belief implies about his view of people
- how that translates into the role of government
- Hoover’s policies

4. DRAWING CONCLUSIONS

When Franklin Delano Roosevelt heard about the attack on the Bonus Army, why was he so certain that he would defeat Hoover?

Think About:

- the American public’s impression of Hoover
- Hoover’s actions to alleviate the Great Depression
- how people judged Hoover after the attack