The Great Depression

Outcome: Herbert Hoover and Rugged Individualism
Herbert Hoover & Rugged Individualism

1. Presidency
   a. Won big in election of 1928 ---> “Boy Wonder”
      i. Promised continued prosperity; pledged hard work
      ii. Popular with both parties
      iii. Weakness ---> timing!!! (Crash of 1929)
b. Personal Attitude Toward Depression and Individual Self-Reliance
   i. Accepted traditional, **conservative** approach
      1. Optimistic – “**Recovery** will occur naturally”
      2. Believed the economy is self-**regulating**
      3. Avoid **Federal Government** interference in the economy
      4. **Industry** knows best how to stimulate recovery
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ii. Preached “Rugged Individualism” – people should not expect gov’t help
1. Opposed direct relief or “Public Assistance”
2. Make sacrifices; led the way w/20% cut of his own salary
3. Urged state and local governments to provide relief
4. Depressions are a local problem
iii. Fed. Gov’t must maintain a **balanced** budget; no **deficit** spending

iv. Criticism mounted --> poor P.R., “Hoover prefixes (ex. “**Hoovervilles**”)”
c. Depression Actions/Policies (aimed at “priming the economic pump”)
i. 1929 – Federal Farm Board – Farm cooperatives would voluntarily:
   1. Coordinate crop production (region by region)
   2. Withhold crops from the market until prices rose
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ii. 1929 – Cut Federal Income tax; however it made little difference because:
1. Taxes were already so low (average family saved $3.75 per year)
2. The wealthy saved their tax cut; frightened of the future
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III. 1930 – Signed the Hawley-Smoot Tariff Act into law

1. Raised **protective** tariffs to their highest level ever
2. Goal: To protect **farmers** & **manufacturers**
3. Result: A Trade **War**; worldwide **trade** declined by 40% (backfired)
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iv. 1932- RFC (Reconstruction Finance Corporation)
   1. Granted $2B in loans to save big businesses, banks, & railroads.
   2. Attempt at “trickle down” theory or indirect relief
   3. Summary: too little, too late
   4. Fact: Unemployment in 1929 = 2 million, 1932 = 12 million
d. 1932 Bonus Army (WWI Vets) marched on Washington D.C.
   i. Hoover hid in the White House, destroying his chances of reelection

e. Lost election of 1932 by a landslide to FDR
   • Booed as he left office
   • Served in numerous volunteer positions until he was 90, when he died

• Hoover is often blamed for the Depression (unfair?)
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Fact: Hoover did more than any president before him had done during a depression.