

Chapter 9 Lesson 3

Hoover's Efforts to Promote Recovery

The day after Black Thursday Hoover tried to assure Americans that the US economy was fundamentally strong. He hoped to reassure the population to prevent further panic driven spirals of the market and bank runs. He urged consumers and producers to make rational economic decisions, but Americans were not inspired and the economy continued its downward spiral.

Hoover truly believed that individualism would keep the economy going and the government should not step in. He thought that Europe's move toward socialism after WWI had hurt their economic recovery. His deep beliefs made it hard for him to propose more government involvement.

He was worried about the recovery of the US economy, so he called for a series of conferences with heads of industry, government officials and labor leaders. Industry leaders promised to keep factories open and to stop cutting wages, but they broke those promises. Hoover did increase funding for public works projects which resulted in some job creation, but Hoover was unwilling to spend the massive amounts of government funds necessary to employ the millions of jobless. The money for public works had to come from the government, either from taxation or deficit spending. If the government raised taxes, people would have less to spend which would slow economic growth. If the government kept taxes low, the money would have to be borrowed, this would reduce the amount available for loans to people.

In the congressional elections of 1930 the Republicans lost majority control of the House of Representatives and held control of the Senate by one seat.

Banking:

Hoover asked the Federal Reserve to increase the money supply to help banks make loans but the Fed refused. Hoover set up the National Credit Corporation (NCC) (1931). The goal was to create a pool of \$ to allow banks to continue to loan money in their communities. The NCC failed to meet the massive needs of the US. Hoover requested that Congress set up the Reconstruction Finance Corporation (RFC) (1932). The RFC lent over 200 million to banks, railroads and other groups, but it was not enough.

Relief:

Hoover was opposed to relief--\$ given directly to families. He believed that this was the role of state and local governments, with assistance from charitable organizations. By 1932, state and local governments were running out of money. In July of 1932, Congress passed and Hoover signed the Emergency Relief and Construction Act. This act called for 300 million for direct relief and 1.5 billion for public works. This was the first time the government of the US had supplied direct relief but this act could not repair the damage.

The Mood of the Nation:

By 1931, many Americans were becoming discontent. The mood of the nation was becoming angry. In some locations, people began to loot grocery stores. Hunger Marches organized by the American Communist Party began to occur around the nation. In December of 1932, one such march occurred in Washington DC. The marchers were contained in an area and denied food and water. The marchers

finally made their way to Capitol Hill. Farmers also protested by destroying crops, which were sometimes used for heating homes. Dairy farmers would run the milk into the ditches. The goal was to try to raise the price of goods by lowering the supply and to voice their discontent.

The Bonus Marchers:

Congress had passed a law granting WWI veterans a bonus payable in 1945. Wright Patman introduced a bill to pay the bonus early. The veterans began to march across the country to lobby for the passage of the bill. Once in Washington, they camped out in Hoovervilles. Hoover agreed that they had the right to assemble and protest/petition the government but he would not meet with them. After the Senate refused passage of the bill, Congress allotted funds for the return of the men to their homes. While some left, many did not. In July, Hoover ordered that all vacant buildings be cleared of the bonus army. The police tried to clear them out but in the process an officer fired into the crowd and killed two veterans. The Secretary of War, sent troops in to clear the buildings (Hoover requested that the camps be left alone). The troops were led by General Douglas MacArthur. MacArthur did not follow Hoover's request and men were cleared from buildings and the camps. The troops used tanks, cavalry and even tear gas to remove the veterans. Many veterans had brought their families with them. The three main military individuals (MacArthur, Eisenhower, Patton) reputations recovered from these actions but Hoover's reputation was dashed.

Although Hoover had increased the government's role in the economy (more than any other previous president), his actions had failed. This coupled with the Bonus Army debacle ensured that Hoover (although nominated by his party) would not be reelected as president.