



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)



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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

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- iii. Fed. Gov't must maintain a balanced budget; no deficit spending
- iv. Criticism mounted --> poor P.R., “Hoover prefixes (ex. “Hoovervilles”)



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- 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



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- 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.

