

CHAPTER 14 Section 3 (pages 495–499)

Hoover Struggles with the Depression

BEFORE YOU READ

In the last section, you read about how the Depression affected common people.

In this section, you will learn how President Hoover tried to stop the Depression.

AS YOU READ

Use the chart below to take notes about the actions President Hoover took to end the Depression.

TERMS AND NAMES

Herbert Hoover 31st president

Boulder Dam Dam on the Colorado River built during the Depression to create jobs

Federal Home Loan Bank Act Law passed in 1931 to reduce mortgage rates to save farmers from foreclosure

Reconstruction Finance Corporation Agency established in 1932 to provide emergency relief to large businesses, insurance companies, and banks

Bonus Army Unemployed World War I veterans who marched to Washington to demand their war bonuses

ACTIONS	
<i>Boulder Dam</i>	<i>Public works project to put people to work</i>

Hoover Tries to Reassure the Nation (pages 495–497)

What did Hoover think the government should do?

Economic slowdowns occur regularly. Over time, economies go through cycles. There are times of economic growth and prosperity. They are followed by slumps when the economy slows down. In the 1930s, many experts believed that it was best not to interfere with these *economic cycles*. They argued that slumps would end on their own and good times would return.

At first, President **Herbert Hoover** believed that the Great Depression was just another slowdown that would end on its own. His advisors thought that it was best to do nothing. The economy would heal itself. Hoover believed the government should take some action. But he also believed

that government should be careful not to take too much power.

According to Hoover, there were two important things government should do. He believed that government should help different groups work together to improve the economy. For example, Hoover thought government should help managers and workers find solutions to their problems. But he did not think government should decide on the solution.

Hoover also believed that the government should encourage private groups to help the needy. He thought that charities—not government—should give food and shelter to people who were poor or out of work. Hoover felt that government could guide these private relief efforts. But he did not think government should give direct aid to poor people.

Hoover met with bankers, businessmen, and

labor leaders. He urged them to work together to help improve the economy. He asked employers not to fire workers or to lower their pay. He asked labor leaders not to ask for higher pay or to strike.

Ordinary people became more frustrated with the situation. Some farmers threw away food or stopped growing it rather than sell it a low price. People called the shantytowns “Hoovervilles.”

1. What did Hoover think government should do in bad economic times?

Hoover Takes Action (pages 497–499)

What did Hoover do?

Hoover stuck to his principles. He did not offer direct aid to the poor. But he did worry about the suffering of large numbers of the American people. He took some steps to use the government to improve the economy.

One important step was a program of major *public works*. These included projects to build roads, bridges, and dams. These projects were funded by the government. They provided jobs to many unemployed workers. One important public-works project was **Boulder Dam**.

Another program tried to raise the prices farmers received for their crops. Hoover also urged bankers to join a credit organization. It gave loans

to banks that were in danger of failing.

By 1932, the economy had not improved. Congress passed the **Federal Home Loan Bank Act**. This law lowered mortgage rates. Congress hoped that low mortgage rates would help farmers change the terms of their mortgages. This would help protect their farms from *foreclosure*.

Hoover also created the **Reconstruction Finance Corporation**. The RFC provided money for projects to create jobs.

Hoover became less popular with the public. His popularity fell even more in 1932 when World War I veterans came to the *capital*. These veterans had been promised bonuses to make up for their poor wartime pay. Congress was about to vote on a bill to give the veterans their bonuses so they wouldn't have to wait for their money.

Thousands of veterans and their families came to Washington. This so-called **Bonus Army** set up tents to live in near the *Capitol* building. At first, Hoover helped the veterans by sending them food. But after the bonus was voted down in Congress, Hoover told the veterans to leave. About 2,000 stayed. Hoover ordered the army to remove them. The sight of U.S. Army troops using tear gas on American citizens outraged many people.

2. What actions did Hoover take to improve the economy?

Skillbuilder

Use the cartoon to answer these questions.



1. What does this cartoon suggest most Americans felt about Hoover and the Depression?

2. Do you think that view of Hoover is justified?

In this cartoon, a circle of Americans all point their fingers at President Hoover. Credit: Reprinted from the *Albany Evening News*, June 7, 1931, with permission of the *Times Union*, Albany, New York

Chapter 14: The Great Depression Begins **(pages 480–501)**

Section 3: Hoover Struggles with the Depression (pages 495–499)

1. Hoover thought the government should take some action. But he also believed that it should not take too much power. He tried to get managers and workers to work together to solve their economic problems.
2. Hoover supported some public works projects such as Boulder Dam. He also supported some government programs such as Federal Home Loan Bank Act and the Reconstruction Finance Corporation.

Skillbuilder

1. The cartoon suggests that most Americans blamed Hoover for the Depression.
2. Possible responses: Some students might say that Hoover did too little too late to solve the Depression. Others might say the problem was just too big for any person to solve.