

## US History

### The Great Depression & The New Deal

#### Learning Target:

*I can assess why President Hoover reacted to the Great Depression in the ways he did and identify how he tried to solve the problems of the depression.*

#### 6. Hoover's Economic Reform

- Herbert Hoover was opposed to direct relief to the people during the depression
- He was not against the government intervening to stimulate the economy

#### *Government Economic Stimulation –*

##### The Laissez-Faire Approach –

- A proposed approach to the economic problems of the country
- Proposed by Secretary of the Treasury, Andrew Mellon, and the cabinet
- A hands-off approach, allow American business to deal with it on its own
- Would result in greater suffering and unemployment at first

##### The Government Intervention Approach –

- Hoover rejected the laissez-faire approach
- Believed the government should intervene to stimulate the economy

#### *Government Intervention Tactics –*

##### White House Conference –

- Called within weeks of the stock market crash
- Included top business, labor, and political leaders
- Hoover urged these leaders to maintain pre-depression levels of production, employment, and wages to promote economic recovery

##### Public Works Programs –

- Construction programs funded by the government
- Meant to stimulate business and reduce unemployment
- Largest one was the construction of the Boulder Dam, later the Hoover Dam
- Also built over 800 public buildings and 37,000 miles of roads

##### The Federal Farm Board (FFB) –

- Established to help farmers help themselves
- Offered loans and bought crop surpluses in the beginning when prices were low

##### Reconstruction Finance Corporation (RFC) –

- Authorized to lend up to \$2 billion to stabilize banks and large companies
- Purpose was to strengthen businesses to prevent more failures and job losses
- Did not provide direct relief to small businesses and everyday people
- This trickle down program did not work quickly enough to impact the average American

*Conclusions –*

Hoover's Policies –

- Hoover's policies failed to end the Great Depression
- Herbert Hoover's policies were not drastic enough to halt the depression and he continued to take the blame

Government Policy Shift –

- They did represent a shift in government policy in dealing with the economy
- The government accepted the idea that the government can and should do something to boost the economy in times of crisis