

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