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Leaders in Crisis - Herbert C. Hoover

In 1928, Herbert Hoover was one of the most respected men in America. Left an orphan at age six, Hoover had been raised by a Quaker uncle. He worked hard at school and in his uncle's business. In fact, Hoover paid for his education by working three jobs. Afterward, he built a successful career as a mining engineer.

During World War I, Hoover headed a massive program to feed the hungry in Europe. He had laid aside his career to take the job and accepted no pay for his work. Later, Hoover became U.S. Secretary of Commerce. He was known as a problem solver and humanitarian.



Hoover was nominated for president in 1928. The 1920s had brought good times to America. Everyone expected life to get better and better. Hoover's speech summed up the mood of the nation. "We in America... are nearer to...triumph over poverty than ever before... The poorhouse is vanishing from among us," Hoover said.

This accomplished man of principle seemed the natural choice as leader of the country. He was elected by a large margin. Hoover took office in March of 1929. Then, disaster struck. On October 29, the stock market crashed. The U.S. economy lurched to a halt.

President Hoover was sure the problems would quickly pass. He worked to boost faith in the economy. Hoover called together business leaders from across the nation. The slump would pass, he told them, if wages held steady and workers had money to spend. The leaders agreed to try to keep wages up. Hoover also tried to encourage the American people to hang on. In a couple of months' time, he insisted, things would look better.

But improvement didn't come. Instead, businesses closed. More and more people were out of work. Those businesses still operating dropped wages. Many workers had only part time hours. Then, banks began to close. People lost their savings. As joblessness continued, many became homeless. Hunger was a real threat to many Americans.

A cry went up for government help. But Hoover was sure that such intervention would cause bigger problems. Neither citizens nor business should grow to depend on government. This, he insisted, would worsen the situation. The only thing that would truly help, in Hoover's view, was for the private sector to recover on its own. He urged local agencies like cities and churches to help those in need.

Hoover held steadfastly to policies he believed would have a "trickle down" effect on the economy. He vowed to keep the federal budget balanced and to cut taxes. He pledged to focus on public work projects to provide more jobs. Hoover also pushed for tariffs on foreign products. Raising the cost of imported goods would induce

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consumers to buy American products.

In 1930, Congress passed the Smoot-Hawley Tariff. This measure tacked on a sixty percent surcharge on imported goods. Hoover signed the bill. In response to Smoot-Hawley, many countries levied tariffs on American goods. The market tumbled lower. Jobs vanished, and bread lines got longer. Local relief agencies were unable to keep up. It became clear that changes were not "trickling down" soon enough.

Finally, President Hoover set in motion some measures to help private business. In February of 1932, he signed a bill to create the Reconstruction Finance Corporation. In its first six months, the agency loaned 1.2 billion dollars. The money went to farm credit groups, home loan banks, railroads, and other businesses.

The Relief and Construction Act was passed in July of 1932. This bill set up funds for emergency relief for farmers and others. It also helped states and cities fund public buildings. The Federal Home Loan Bank Act set up home loan banks in different parts of the country. The banks helped mortgage agencies lend money for the purchase of homes. Boosting the home market would get construction going, opening up jobs in that sector.

Meanwhile, the Depression dragged on. Might Hoover's plans have succeeded? Perhaps, given time. But the election of 1932 neared. People desperate for help thought Hoover had done too little too late. They accused the man once known for helping people of being cold and uncaring. Surely someone else would have better answers for the dilemma facing the nation. Hoover was badly defeated in 1932. His failure to solve the problems of the Depression became his legacy.

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Questions

1. What factors might have shaped Hoover's character and attitudes?

- _____ 2. Hoover's work in Europe during World War I consisted of:

- A. administrating the distribution of food to the hungry
- B. constructing buildings and bridges
- C. commanding soldiers
- D. drilling, blasting and other mining jobs

3. Describe the mood of America in the 1920s.

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4. Summarize Hoover's thoughts about how to handle the Depression.

5. Explain the effects of the Smoot-Hawley Tariff.

- _____ 6. President Hoover activated the _____ to stimulate new home purchasing and construction.

- A. Relief and Construction Act
- B. Smoot-Hawley Tariff
- C. Federal Home Loan Bank Act
- D. Reconstruction Finance Corporation

7. In your opinion, did Hoover deserve the contempt of the people for the way he dealt with the problems of the Depression? Why or why not?

☐ Describe your typical reaction to a crisis. Are you a decisive do-something-now sort, one who ponders the problem before acting, or someone in between?

☐ Imagine that many people are looking to you for answers to a problem that is causing severe suffering. What would you do?

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