

Background information

President Herbert Hoover was a very conservative Republican, who had put his faith in the stock market and did not believe in government involvement in the economy - he believed in the ability (and responsibility) of every individual to overcome difficulty and fix the economic problems in the country. As such, when the Great Depression came, he was unprepared. Many criticised his response to the Depression, which in the large part consisted of insisting that 'prosperity was just around the corner'. In January of 1930, he confidently announced that 'we have now passed the worst'. He was very wrong.

Tasks

1. Read the background information. Highlight or annotate the key terms and dates in this information.
2. Categorise the information in the four boxes below, and work out which box is Hoover's attempt to fix the problems in one particular area of the Great Depression.
3. Rate Hoover's actions in each of the four areas out of 5 - how successful were his policies?
4. Plan the following essay: 'Hoover's response to the Great Depression was almost totally ineffective'. For each paragraph:
 - Chose two pieces of information that you will use as evidence.
 - Summarise how Hoover was or was not effective in that area.
 - Write the conclusion to the essay, reaching an overall judgement.

How did Hoover respond to the Great Depression?

Hoover cut taxes for companies, in a bid to stop them firing people to save money, and in some cases this was successful. He also introduced the 'Hawley-Smoot tariff' in 1930, raising even further the Republican tariffs on foreign goods. Unfortunately, this backfired as other countries retaliated, raising tariffs on American goods, which made it even harder for American companies to sell their goods abroad.

Farming was another area where Hoover didn't really know what to do. In many ways, Hoover blamed the farmers for over farming the land, and believed that it was the individuals' responsibility to get themselves out of trouble. He did lend a small amount of money to farms, especially in the run up to his election campaign; however, this was limited and poorly distributed.

Largely, Hoover didn't know how to respond. He always believed that the Stock Market would bounce back, and be the miracle answer to America's economic problems. Throughout the Depression he tried to encourage people to reinvest in the stock market - partly in an attempt to restore confidence, and bring share prices up again. Hoover did also cut taxes by around \$130 million, which did give some people more money to spend; however, this only helped those earning money.

Hoover made \$300 million available to states to tackle the problems which resulted from homelessness and unemployment. This was done inefficiently, and he was met with some strong resistance from Republicans who believed that the central government had no right to interfere with state concerns such as employment. Hoover also largely believed this - as he consistently insisted upon the 'rugged individualism', and so only \$30 million was actually given out. He did set up a national programme employing people to build roads and dams.



Aspect of the Great Depression:	Key details	How did Hoover respond?
<p>The Wall Street Crash</p>	<ul style="list-style-type: none"> • Deregulation led to stock market excesses. • People overinvested, often borrowing more money to invest. • There was a confidence crisis and people started mass-selling. • Hundreds of banks had to close, as their investments lost all worth and their customers also went bankrupt. • Over half of all savings in the US were lost. 	
<p>Unemployment and Hoovervilles</p>	<ul style="list-style-type: none"> • Businesses lost huge amounts of money, and as a result sacked thousands of people. • This caused many to default on their mortgages. • These unemployed and homeless people often ended up roaming the country, looking for work or places to live. • Hoovervilles emerged - slums on the outskirts of cities which were full of poor, makeshift homes full of unemployed people. 	

Agriculture	<ul style="list-style-type: none">• Overproduction had already been leading to plummeting prices for food.• Overly intensive farming techniques had damaged the quality of the soil, turning huge swathes into sandy dust.• Storms passed through the farming states, blowing the sandy dust-soil into the air, creating vicious dust storms.• Thousands of farmers went out of business.	
Industry	<ul style="list-style-type: none">• Factories had pushed mass production too far, overproducing for the American market.• These factories had to fire huge numbers of workers.• Manufacturing was the hardest hit.• Factory towns were badly affected, as workers were fired. Customers moved away, and nobody had any money.	