HOOVER AND THE GREAT DEPRESSION

Before Herbert Hoover became president in 1928, he had never held political office. His position before president was the Secretary of Commerce. After overseeing relief efforts of a major flood in Mississippi, he was nicknamed “Master of Emergencies”. His popularity gave him a landslide victory and he became president on March 4, 1929.

Signs of economic troubles for the country were present even before Hoover took office. Wages were falling in many industries. Farmers were dealing with an overproduction of crops and falling prices. Between 1920 and 1929 about 16% of banks had closed. In October 1929, the stock market crashed, and economic issues could not be ignored. President Hoover was faced with the greatest economic crisis of American history and his response would define his presidency.

Hoover believed in Rugged Individualism, which said that people should help themselves and not rely on the government for economic help. Therefore, Hoover’s policies were directed at helping businesses instead of direct help to citizens. He met with business leaders and tried to persuade them to not lay off any employees and keep wages the same. Hoover created the President’s Emergency Committee for Employment (PECE) to increase employment in private businesses, but its success was limited. Later he reorganized PECE to be the President’s Organization on Unemployment Relief (POUR). POUR raised millions in donations from citizens for unemployed people but did little to help. While millions of people were unemployed, POUR saved about 144,000 jobs.

Hoover also signed the Hawley-Smoot Tariff of 1930, which taxed goods that were imported into the country. This increased the cost of imported goods by about fifty percent to consumers. European countries responded by starting their own tariffs on American imported products and by 1933 international trade had fallen over fifty percent.

In 1932, Hoover started the Reconstruction Finance Corporation (RFC), a government agency that gave loans to banks so they did not fail. Bank failures often caused people to rush to their banks and remove all money from their accounts. These events, known as “bank runs”, left no money for the bank to use for loans, which led to businesses laying off workers and sometimes closing. The RFC was moderately successful at helping some banks stay open during the depression and helped almost seven thousand banks.

Despite Hoover's attempts to help the economy, at the peak of the depression, 20% of the workforce was unemployed; about fifty million people were without jobs. The Great Depression did not abate until the spring of 1933 after Hoover had left office.

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