**Chapter 22, Section 3: Hoover Responds**

**I. Promoting Recovery** *(pages 668–670)*

**A.** In an effort to promote economic recovery, President Herbert Hoover held a series of conferences bringing together the heads of banks, railroads, big business, labor, and government. Hoover received a pledge from industry to keep factories open and stop cutting wages.

**B.** After the pledge failed, Hoover increased **public works**—government-financed building projects. Hoover asked the nation’s governors and mayors to increase public works spending. At the same time, however, Hoover refused to increase government spending or taxes. He feared that deficit spending would actually delay an economic recovery.

**C.** Americans blamed the Republican Party for the Depression. As a result, in the midterm congressional elections of 1930, the Republicans lost 49 seats and their majority in the House of Representatives.

**Discussion Question**

How did Hoover promote economic recovery? *(President Herbert Hoover held a series of conferences bringing together the heads of banks, railroads, big business, labor, and government. Hoover received a pledge from industry to keep factories open and stop cutting wages. After the pledge failed, Hoover increased public works to replace some construction jobs. Hoover asked the nation’s governors and mayors to increase public works spending. At the same time, however, Hoover refused to increase government spending or taxes. He feared that deficit spending would actually delay an economic recovery.)*

**II. Pumping Money Into the Economy** *(page 670)*

**A.** President Hoover tried to persuade the Federal Reserve Board to put more currency into circulation, but the Board refused.

**B.** Hoover set up the National Credit Corporation (NCC), which created a pool of money to rescue banks, but it was not enough to help.

**C.** By 1932 Hoover felt the government had to provide funding for borrowers. He asked Congress to set up the **Reconstruction Finance Corporation** (RFC) to make loans to banks, railroads, and agricultural institutions. The economy continued to decline when the RFC was too cautious in its loan amounts.

**D.** Hoover opposed the federal government’s participation in **relief**—money that went directly to very poor families. He felt relief was the responsibility of state and local governments.

**E.** In July 1932, Congress passed the Emergency Relief and Construction Act to get money for public works and for loans to the states for direct relief.

**Discussion Question**

What actions did President Hoover take to try to pump money back into the American economy? *(Hoover tried to persuade the Federal Reserve Board to put more currency into circulation,* *but the Board refused. Hoover set up the National Credit Corporation (NCC), which* *created a pool of money to rescue banks, but it was not enough to help. Hoover asked Congress* *to set up the Reconstruction Finance Corporation to make loans to banks, railroads, and agricultural* *institutions. The economy continued to decline when the RFC was too cautious in its loan* *amounts.)*

**III. In an Angry Mood** *(pages 670–672)*

**A.** By 1931 discontentment over the economy led to violence. Looting, rallies, and hunger marches began. During a hunger march at the nation’s capital, police denied protestors food, water, and medical treatment. Congress intervened, stressing the marchers’ right to petition their government. Congress permitted them to march on to Capitol Hill.

**B.** Between 1930 and 1934, creditors **foreclosed,** or took possession of, almost a million farms. Some farmers destroyed their crops, hoping the reduction in supply would cause the prices to go up.

**C.** In 1924 Congress enacted a $1,000 bonus to be paid to veterans in 1945. In 1931 a bill was introduced in the House that authorized early payment of the bonus. In 1932 the **“Bonus Army”** marched to Washington, D.C., to ask Congress to approve the legislation.

**D.** After Hoover refused to meet with the Bonus Army, and the Senate voted the new bonus bill down, some of the marchers left. Some marchers stayed, moving into deserted buildings in Washington, D.C. When Hoover ordered the buildings cleared, disputes between the remaining people and the police (and later the army) resulted in several deaths.

**Discussion Question**

What positive things did Hoover do as president? *(Hoover did more to expand the role of the federal government than any previous president. His authorization of the Reconstruction Finance Corporation was the first time an American president had used federal power to intervene in the economy during peacetime.)*