Hoover as President
Chapter 11 Sect 3

Hoover’s Philosophy

• He served in Harding’s and Coolidge’s pro-business Republican cabinet.
• He favored a federal government that played “as little a role” as possible in business whether in good times or bad.
• Felt that too much government and regulation destroyed business.
• “Rugged Individualism”: The belief that people should rely upon themselves, and handle their own problems
• Idea come from Turner Thesis about the frontier in 1890.

The Associative State

• Hoover believed in the associative state.
• Businesses and government specialist would work together voluntarily to create overall good for the public.
• He did this as Secretary of Commerce
• Hoover Dam was an example of this.
• Federal government provided the money, and 6 independent companies designed and built it.
• Businesses built this for the government, and the government paid businesses for this. Also provided electricity for the people.
Hoover’s Response

- **Hoover** believed people should help themselves. Government’s job was to find ways for people to help themselves.
- Hoover called on **Voluntary Cooperation** between business and government.
- He called on business to not lay off workers or lower wages but did not demand it.
- **Cooperatives**: Farmers band together and work together to get better prices.
- **Smoot-Hawley Tariff Act**: raised tariffs to a high level to protect American goods.
- Other countries did the same and cut off American exports hurting the economy more.
- Disastrous effects.

Essential Questions

1. What does Rugged Individualism mean? How does it apply to Hoover perfectly?
2. What is the goal of an Associative State? What is an example?
3. What is Hoover’s response to the Depression?
4. Did Voluntary Cooperation work?

Nation Responds to Hoover

- Hoover **lost credibility** with the people.
- He said the worse was over in 1930 when it was clearly not.
- He talked glowingly about the government doing all it could to help.
- He never considered direct relief until it was too late in 1932.
- He gave money to **businesses and banks**, but not direct relief to people as seen in the (RFC) **Reconstruction Finance Corporation** which gave loans to banks to help create spending.
RFC Reconstruction Finance Corporation

- Government gives 2 billion dollars to banks and companies to help them in the Depression.
- The hope is that the companies and banks would prosper and then be able to hire the jobless.
- Showed his belief in business and the associative state.
- Most poor people criticized him for not using that money to directly help the poor.
- Made him look uncompassionate by giving the money to those who least needed it.

More Trouble for Hoover

- Most Americans did not share his optimism that the Depression was already over.
- He only gave government money to business.
- Bonus March: Ex WWI veterans attacked by troops for asking for their bonus early.
- Unsettling to many Americans.
- Tax increase in 1932 to balance budget: Really hurt many Americans.
- 1930 Congressional elections won by the Democrats.
- 1932 Hoover would not win the Presidential election.

Essential Questions

1. Why did Hoover lose credibility in the eyes of the people?
2. What was the point of the (RFC) or the Reconstruction Finance Corporation?
3. Why did people criticize the RFC?
4. What did people want Hoover to do with tax money?
5. How did the Bonus march and a tax increase make Hoover look? Why?