

CHAPTER
8
SECTION 3

Section Summary

HOOVER'S RESPONSE FAILS

READING CHECK

Who led army troops against protesters in Washington, D.C., during the summer of 1932?

VOCABULARY STRATEGY

What does the word *simultaneously* mean in the underlined sentence? Look for clues in the surrounding words, phrases, and sentences. Circle the phrase below that has the same meaning as *simultaneously*.

- done at the same time
- done one after the other

READING SKILL

Identify Supporting Details List the details that support the conclusion that Hoover's policy of volunteerism failed.

From big cities to small towns, the Great Depression spread misery across America. As the crisis deepened, Herbert Hoover struggled to respond to the nation's problems.

At first, Hoover felt that government should not interfere with what he thought was the natural downswing of the business cycle. Soon, however, Hoover tried a different approach, called volunteerism. Hoover asked business leaders not to cut prices and wages. He called for the government to simultaneously reduce taxes, lower interest rates, and create public-works programs. He also asked the wealthy to give to the poor through charities. Finally, Hoover called for a policy of **localism**. This policy asked state and local governments to provide more jobs and relief measures. However, businesses cut wages and laid off workers, towns and states did not have the resources to respond to the crisis, and charities ran low on money. The crisis demanded federal action.

Next, the President decided to adopt a policy of **trickle-down economics**. The idea was that the government would provide loans to bankers so they in turn could lend money to businesses. Businesses would then hire workers, leading to increased production and consumption, and the end of the depression. At Hoover's urging, Congress created the **Reconstruction Finance Corporation (RFC)** to provide loans to businesses. However, businesses that did receive loans did not always use them to hire workers. Hoover did have one success in the building of **Hoover Dam**. Construction of the dam on the Colorado River brought much-needed employment to the Southwest in the early 1930s.

Americans became increasingly unhappy with Hoover's handling of the depression. A group of almost twenty thousand unemployed World War I veterans known as the **Bonus Army** marched in protest and set up camps in Washington, D.C. They wanted early payment of a bonus promised them. Congress agreed, but Hoover vetoed the plan. When riots broke out in July 1932, Hoover called in the military. General **Douglas MacArthur** led army troops against the veterans. Many of the veterans were hurt, a situation that angered many Americans. Hoover had little hope of reelection.

Review Questions

1. What was President Hoover's first response to the depression?

2. What was the Bonus Army?
