

The Stock Market collapsed on 24th October 1929, on “Black Thursday.” “Black Tuesday” came five days later. (This was only eight months into Hoover’s presidency)

Despite chorus of economist recommendations, President Hoover insisted the American currency remain tied to the gold standard.

President Herbert Hoover, 1929-1933 Republican
Hoover deeply believed in the Efficiency Movement, arguing that a technical solution existed for every social and economic problem
When Stock Market crashed, Hoover’s efforts were mixed...
Hawley-Smoot Tariff Act
 ○ Highest protective tariff in US history!
 ○ This was a mistake: US exports and imports dropped as a response, as other nations retaliated with similar high tariffs.
There was no federal system of direct relief (ie, no mechanism for food, money or jobs could be given to those in need).
Efforts to stabilize prices and farms proved ineffective
US had no unemployment insurance (except Wisconsin)

Most American economists and political leaders in 1929 still believed in “laissez-faire” and the self-regulating economy. To help the economy along in its self-adjustment, President Hoover asked businesses to voluntarily hold down production and increase employment, but businesses couldn’t keep up high employment for long when they weren’t selling goods. There was a widespread belief that if the federal budget were balanced, the economy would bounce back. To balance the budget demanded no further tax cuts (although Hoover did lower taxes) and no increase in government spending, which was disastrous in light of rising unemployment and falling prices.
Another problem with economic practices of the day was the commitment of the Hoover administration to remain on the international gold standard. Many suggested increasing the money supply and devaluing the dollar by printing paper money not backed by gold, but Hoover refused

1929-1933, unemployment in the United States increased from 4% to 25%

Manufacturing output dropped by one-third

Prices fell, causing a deflation of currency values, which made repayment of debts much harder.

26,000 schools closed due to no funds

By 1933, 11,000 of the United States’ 25,000 banks failed
Nine million savings accounts had been wiped out between 1930 and 1933

In 1933, the unemployment rate in Cleveland Ohio was 60%; 80% in Toledo Ohio

Between 1929 and 1933, United States gross domestic product had fallen around 30%, and the stock market lost nearly 90% of its value.

Over one million families lost their farms between 1930-1934
Over 273,000 families were evicted from their homes in 1932

Child malnutrition dramatically increased 18% in NYC (1928), 60% (1931).
In the mining counties of West Virginia, Illinois, Kentucky and Pennsylvania, the proportion of malnourished youth was abt. 90%

1929-1932, the average income was reduced by 40%

Increasing popular discontent to prohibition is witnessed.

Two views as to the causes of the Depression took hold:
a) Expansion of money supply led to unsustainable credit-driven economic boom.
b) Monetary contraction – little money in circulation. Each of these views led to different solutions, but there was little agreement on which of these perspectives actually took hold.

Dust Bowl
A period of severe dust storms causing major ecological and agricultural damage to American prairie lands, most active from 1930 to 1936. This phenomenon was caused by severe drought coupled with decades of extensive farming without crop rotation or other techniques to prevent erosion. Visibility was reduced to just a few feet in some instances.
“Okies” – a reference for displaced families who traveled to California or elsewhere, fleeing the drought.

Economic turbulence disrupts the Harlem Renaissance. Most there are forced to disperse in search of employment.

People are not spending money, except for the very basics. All luxury spending ceases.

Crop prices dropped by over 60%

Route 66 was a major highway route for migrants who went west during the Depression and Dust Bowl.

20% of Los Angeles population qualified for poverty relief c.1931. In the first year of the Depression, 3,000,000 migrants move to California

“Bonus Marchers” (WWI veterans) descend upon Washington DC and set up camp in 1932. Forced out by Douglas MacArthur. Two die. (Congress had passed the Veterans Compensation Act in 1924 over Coolidge’s veto, giving a small portion of money to retired soldiers and denoting a second payment in the future)

Hoover challenges Congress to find the courage to make decisions. Tells them to make decisions now or face up to the “reality” later of a nationwide 40% tax hike.

Following the Stock Market Crash, Hoover declares the Depression will last only ninety days!

Commonly cited scapegoats for the problems affecting the nation:
1. Jews 2. Communists 3. “Them”
4. Women – blamed for taking jobs away from men
5. Economic class stratification

Scottsboro, 1931
Nine African-American boys charged with raping two white girls in Alabama. Raised issues of racism, hobo living, socialism

Hoover Administration, 1929-1933

Cultural Elements:

- The comic strip gains popularity throughout the early 1930s
- Yellow light (slow) replaces amber (safety) in NYC, 1930
- US Steel reduces wages by 10% in 1931
- Hundreds of “hunger archers” turned away from the White House after trying to get employment at minimum wage.
- 1929 NYC says a woman working 50 hour week makes \$33.50
- 1929, wax paper cartons first introduced (replaces glass containers)
- Nevada legalizes gambling, 1931
- Lindbergh baby kidnapped and murdered, 1932
- Riots at automobile plants; strikes in textile mills in south
- Chicago 1930: 186 indicted in huge rum smuggling plot

“Hooverville”

The popular name (termed by Charles Michelson, the publicity chief for the Democrats) for a town of cardboard boxes built by the homeless. Residents lived in these shacks and begged for food or went to soup kitchens. Authorities did not officially recognize these Hooverville’s and occasionally removed the occupants for trespassing on private lands, although they were frequently tolerated out of necessity. “Hoover wagon” was an automobile pulled by horses (because the owner could not afford fuel); “Hoover leather” was cardboard used to line a shoe with the sole worn through.

Relevant legal considerations:

- United States v. Schwimmer, 1929 - Court ruled against citizenship application of foreign-born pacifist
- Stromberg v. United States, 1931 - The court struck down a California law banning red flags
- Blockburger v. United States, 1932 - affirms that international law and the 5th Amendment allowed the United States government to retain legal jurisdiction over its citizens abroad.
- Sorrells v. United States, 1932 - Entrapment is recognized as a valid legal defense.
- Sit-down strike declared illegal by the US Supreme Court