

# [Hoover’s plan of action vs. the new deal](https://assignbuster.com/hoovers-plan-of-action-vs-the-new-deal/)

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Hoover’s Plan of Action vs. The New Deal At a time when the United States and Europe were still recovering from the effects of World War I, Americans, unfortunately, were not allowed much of a reprieve from their misery. On October 24, 1929, the official crash of the stock market on Wall Street occurred. Widespread speculation rather than true investment and buying on margin were major factors in the cause of this day, now called “ Black Thursday. " Along with the Great Stock Market Crash, overproduction compared to a reduced demand and an uneven distribution of income brought about the zenith of the worst economic crisis ever to hit America, the Great Depression. Reform was necessary. The initial plans of Herbert Hoover and the deals of his successor President Franklin Delano Roosevelt held many similarities in their goals, but because of each man’s own personality, their courses of action were quite different. In the end, however, both plans failed to end the depression and instead left rather intriguing legacies on the American government. When the Depression first began around 1929 under President Herbert Hoover’s administration, most were told the economic disaster would soon “ blow over. " Shortly, the large unemployment rate and starving children depicted otherwise. This lack of concern marks one of the greatest contrasts of Hoover and his plan to that of Roosevelt’s “ New Deal. " Hoover did not believe in government relief, and he wanted the citizens to take the initiative. He was afraid that once people realized the government was bailing them out, he would have created a society in which the government was a charity, and the citizens would become completely dependent. All the while, the depression steadily deepened. After the unsuccessfulness of committees that served to help citizens indirectly, Hoover had no choice but to provide direct government assistance. In January 1932, he created the Reconstruction Finance Corporation originally to make loans to needy banks and railroads and later, to local relief and public works agencies. Soon, a minute network of federal recovery agencies was created and increased the government’s role in the economy. Unlike Hoover, however, President Roosevelt wasted no time in commissioning new legislature and did not hesitate to send out government aid. He was confidant that, by boosting the Americans’ morale along with administering government assistance, the depression could make a turn for the better. Only four hours after his inauguration, Roosevelt drafted his first orders of legislation and the following day the two were issued. The first declared a national “ Bank Holiday" to halt withdrawals, and the second prohibited the export of gold. This Emergency Banking Act stopped economic activity so that congress had time for an emergency session on March ninth. By the tenth, a bill was ready. Essentially, it extended emergency support to private banks, gave the president total authority over gold shipment, granted the Federal Reserve Banks the power to issue new currency, and provided that the government itself would conduct the reopening of any failed banks with sufficient funds. Roosevelt also proved to be more soothing and sympathetic than Hoover. He calmed the public through his assurances and confidence, yet kept them informed through his famous “ Fireside Chat" radio broadcasts. These two men of completely opposite characters demonstrate the importance of cooperation and understanding between the government and its citizens through their separate views. However significant the gap between the two presidents’ ideals, they both maintained the same goal throughout their administrations- to end the depression as quickly and efficiently as possible. With economists at hand supplying advice, the presidents both realized the major areas of concern that needed to be corrected, and each delivered his own course of action. The agricultural society was one example of a dually recognized dilemma. In August of 1930, President Hoover organized the National Drought Committee to muster community-relief machinery in areas doubly hit by depression and drought. Around the same time, the Federal Farm Board founded machinery through which it made emergency purchases and conducted acreage-reduction drives for wheat and cotton. Both of his expenditures were wholly ineffective when financial panic across Europe pushed the U. S. further into depression. Years later, Roosevelt also acknowledged the despair of American farmers and the negative consequences their predicament would have on an already downward spiraling economy. In hopes of repair, he created the Agricultural Adjustment Act (AAA) in May of 1933 under what is known as his “ Second Deal. " The focus of this program was to raise farm prices to the level of parity. In order to give farm products the value they had during the agricultural boom of 1904 to 1914, farm acreage was restricted, and benefit payments were given to farmers who agreed to limit their acreage. This money would come from a tax on the processors of farm products. The drought aided the AAA, and Roosevelt’s law became successful, at least in the mid-west. Southern sharecroppers and tenant farmers received little sustenance from the law when the tax on the processors was passed onto consumers and thereby also smaller, commercial farmers like those in the south. In addition, F. D. R. created the Farm Credit Administration and the Tennessee Valley Authority, which Hoover had vetoed, to come to the aid of the agriculturally dependent. Regardless of whether or not the farmer’s rescue was successful, the knowledge that both Roosevelt and Hoover commonly recognized a major inducement fro depression is what is important. Unfortunately for the farmers, though, most continued to remain in poerty, and even pictures of the starving families in front of barren, bucolic scenery could not embody the despair those people faced. An additional comparison between Hoover and Roosevelt’s remedies can be made when studying their outcomes. Quite simply, both failed. Roosevelt and Hoover failed to end America’s first economic crisis, although that F. D. R. had managed to get the giant, constricting serpent called Depression under control is a common misconception. Each plan had its small successes. In July of 1931, Hoover was able to secure a one-year suspension of international debt and reparations payments for the United States from Europe. This arrangement is known as Hoover’s Moratorium. It managed to hold off debts as it was designed to do, but the successful lack of debts as a present issue did little or nothing to help the economy when the financial crisis abroad continued to contract the U. S. further into a hole. People were not able to take advantage of the reprieve before new debts came. Roosevelt, thankfully, had more flirtations with success than Hoover managed to obtain before the New Deal came in. The swift adoption of the Emergency Banking Act literally paused the economy and restored public confidence to the Banking System. With thoughts of smaller farmers set aside, the Agricultural Adjustment Act was also one of Roosevelt’s triumphs. Some potentially effective efforts failed due to conflict, bribery, lack of enforcement, or criticisms such as Roosevelt’s National Recovery Administration (NRA) and its motto “ Relief, Reform, Recovery. " Through the Presidents’ failures, American legacies were born. The Social Security Package is still in effect to this day, African Americans are now known for voting with the Democratic Party, and Hoover’s name will forever be satirically synonymous with the possessions of hobos. The depression managed to continue throughout the start of World War II, and as the country turned their heads to the safety of their boys stationed abroad rather than on their own problems, the plans of Herbert Hoover and Franklin Delano Roosevelt were pushed toward oblivion. Although the plans failed to curb the depression and merely left behind their legacies, the chief executives each fought for the common goal- Hoover by his philosophy of individuals’ “ mobilized voluntary action" and Roosevelt by his belief in the “ Three R’s. " Reform of the reeling economy had been required for the preservation of America. The temporary reliefs helped the public to an extent and kept the U. S. in action. Without them, the combined effects of World War I, the economy, and World War II would have pushed a staggering America to her inevitable destruction.