

## Conservative, Liberal, and Radical Solutions to the Great Depression

*Say that civilization is a tree which, as it grows, continually produced rot and dead wood. The radical says: "Cut it down." The conservative says: "Don't touch it." The liberal compromises: "Let's prune, so that we lose neither the old trunk nor the new branches." This campaign is waged to teach the country to march upon its appointed course...avoiding alike the revolution of radicalism and the revolution of conservatism.*

Franklin D. Roosevelt, 1932



### Conservative Solutions

- Provide tax relief, loans, and encouragement to businesses. Business prosperity and the accumulation of wealth at the top will "trickle down" to those in need by creating more jobs.
- Discourage federal aid to the poor. Instead, encourage private charities and local and state governments to organize and provide poverty relief.
- Balance the budget to maintain financial stability.
- Ask for voluntary cooperation from businesses to stabilize wages and hours in an average workday.
- Increase the federal government's commitment to public works. Blame economic problems on the natural business cycle, and buoy public confidence through optimistic public statements.
- Increase tariffs to protect American businesses from foreign competition.



### Liberal Solutions

- Increase taxes on the income of the wealthy and corporations.
- Provide direct federal relief to the poor.
- Make a massive federal commitment to public works to provide jobs and encourage economic growth. Government spending will get the economy moving again.
- Create a federal planning agency that includes industrial leaders to better plan economic activity.
- Provide aid to farmers in the form of loans and payments to take crops out of production until prices for agricultural goods stabilize.



### Radical Solutions


- Seize the income and property of the wealthy and redistribute it so that all Americans share equally.
- Have the government, rather than private business owners, control all business enterprises.
- Guarantee employment to all workers through government control of industries.
- Reorganize the farming industry into cooperatives to eliminate the disastrous effects of competition and market forces.



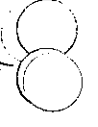
## President Hoover and the Failure of Conservatism to Ease the Great Depression

By 1932 the U.S. economy had hit rock bottom, and evidence of the worst economic downturn in the nation's history was everywhere. Two million homeless people wandered across the country in search of food, a job, or a helping hand. People waited in bread lines that wrapped around city blocks, children went to school distracted by empty bellies, and unemployed workers congregated at locked factory gates. Black clouds of dust smothered the Midwest, as drought destroyed crops and left farmers destitute.

Americans were uncertain and divided over how to deal with the economic crisis. Some wanted drastic action and radical reform. 25,000 people gathered in Union Square in New York City to listen to communist speakers. Communists advocated overturning the capitalist system, giving workers control over the means of production, eliminating extreme wealth, and leveling American society. In Washington, DC, several thousand men, women, and children greeted congresspeople upon their return to session in 1932 with shouts of "Tax the rich! Feed the hungry!" Armed dairymen in Iowa, angered by ruinous milk prices, blocked the roads leading into Sioux City with logs and spiked telephone poles and dumped milk on the ground in an attempt to raise prices.



In the White House, President Herbert Hoover worked 16- to 18-hour days trying to solve the economic problems that plagued the country. Hoover was a conservative Republican, and his solutions mostly reflected his conservative philosophy. For example, he staunchly refused to consider direct federal relief to the poor. A self-made millionaire, Hoover believed in "rugged individualism," the notion that individuals could make a good life for themselves—even in hard times—through perseverance and hard work. He argued that federal aid to the needy would alter the character of the poor and create a population of listless people living on welfare. According to Hoover, the answer to poverty was increased business prosperity and the jobs that came with it, rather than government interference in the economy.



Hoping to achieve business prosperity, Hoover took several actions but met with limited success. First, he invited business leaders to the White House in an attempt to gain their voluntary cooperation in stabilizing wages and maintaining jobs. While many business leaders pledged cooperation during these meetings, they often forgot such agreements when they faced tough business decisions in their corporate offices. Hoover also advocated for tax relief to businesses, and established the Reconstruction Finance Corporation (RFC) to provide loans to businesses in distress. While the RFC did support some failing businesses, Hoover's measures did not take into account one of the major underlying causes of the Depression: underconsumption. Due to widespread poverty, Americans were unable to buy more goods, even if businesses were able to produce them. Also, high tariffs abroad—in part created by trade policies signed into law by Hoover—meant that fewer American goods could be sold to other nations.

Hoover was strongly committed to maintaining a balanced budget, and was unwilling to spend too much federal money without further income. Therefore, his administration encouraged private charities and state and local governments to supply relief to the poor. However, by 1932 such agencies were overwhelmed, and did not have enough money to provide all the services that Americans needed. The president did expand government spending on public works in an attempt to alleviate unemployment. However, budget restrictions meant too few jobs were created to meet the national need.

Finally, Hoover tried to buoy public confidence with encouraging public statements and actions. Prior to Hoover's administration, severe economic downturns were called "panics." Hoover renamed the 1930s economic collapse a "depression" in an attempt to reduce public worry. As the Depression continued to deepen, Hoover persisted in telling the nation that the economic problems were a product of the "natural business cycle" and that prosperity would soon return.

To many desperate Americans, Hoover often appeared cold and uncaring. As conditions worsened, they began to blame him for causing the Depression. Homeless settlements with dwellings made of discarded plywood and corrugated metal were dubbed "Hoovervilles," and empty pockets pulled inside out were called "Hoover flags" to reflect the public's view that Hoover was unable to turn the economy around. However, in addition to Hoover, many economists and astute businessmen were surprised by the severity of the Depression. To his credit, some of Hoover's solutions—like increased spending on public works—were expanded with success in the years after Hoover was voted out of office.

Americans' discontent was reflected in the election of 1932, in which Herbert Hoover and his conservative policies were swept out of the White House. His successor, Franklin D. Roosevelt, offered the country a liberal alternative to both Hoover's conservative policies and the radical approaches of socialism and communism. In the election of 1932, Roosevelt boldly offered a "New Deal" to Americans tired of the old one. While the details of the New Deal were unclear during the campaign, it was apparent that Roosevelt believed in a stronger role for the federal government, direct relief for the poor, and a greater commitment to the creation of jobs through public works. His promise of "bold and persistent action" appealed to millions of Americans in dire need of help. Roosevelt was elected by a landslide victory, winning 57 percent of votes to Hoover's 40 percent, with 472 electoral votes for Roosevelt and only 59 for Hoover. The new president brought a promise of great change to the struggling country.