

of the 1920s were now failing; by 1932, the automobile industry was producing at only 20 percent of its capacity. The stock market crash laid bare the underlying weaknesses in the U.S. economy and created mass unemployment, poverty, and insecurity.

President Herbert H. Hoover responded to the crash much more energetically than previous presidents had in similar crises, but his efforts were too limited to meet the depth of this one, in part because he remained steadfastly committed to voluntaristic, optimistic, Progressive-style interventions. Hoover moved to shore up public confidence while also supporting business leaders' efforts to protect their financial interests. As Secretary of Treasury Andrew Mellon advised his fellow capitalists to "liquidate labor, liquidate stocks, liquidate the farmers, liquidate real estate," Hoover assured the nation that the "fundamental business of the country was sound," and asked for voluntary cooperation from corporate managers to maintain employment and wages. As realization of the deepening crisis dawned on him, Hoover also increased federal funds for public works, moved to cut taxes, and requested private agencies, as well as state and local governments, to provide relief to the approximately 7 million unemployed by 1931. Arguing that direct unemployment relief was a "dangerous" suggestion, Hoover instead created the Reconstruction Finance Corporation, which provided loans to businesses and banks in the hope that greater corporate stability would strengthen the economy.

President Hoover's limited, top-down response to the crisis aggravated widespread anxieties and led to a new level of popular unrest. Destitute Americans living in shantytowns (Figure 7), popularly known as "Hoovervilles," clearly blamed the president for their condition. Thousands of Americans joined in organizing for relief from the federal government. In unemployed organizations, spearheaded by socialist and communist organizers, Americans demanded monetary relief and reinstalled tenants in their apartments when they were evicted. The most important protests and strikes of the 1930s were still years away, but the unemployed organizing of the early 1930s played an important role in increasing popular militancy.



*Click to view larger*

*Figure 7. "William A. Swift, Once a Farmer, Now a Resident of Circleville's 'Hooverville.' When he Returned from the War He Went West. "Made awful good money jobbin' around.""*

Photo by Ben Shahn for the Farm Security Administration, 1938. Prints and Photographs Division, Library of