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Herbert Hoover

Herbert Hoover has been accused of being a do-nothing president who allowed the country to continue to slide into its worst depression ever. Some will grudgingly admit that Hoover did take some action, but that it was too little, too late. But the truth is far more complex. Hoover did intervene after the Stock Market crash, but the acts passed by Congress and signed by Hoover were the worst kind of intervention: they actually exacerbated the problem. The most famous of these interventions was the Smoot-Hawley Tariff Act. Raising tariffs was one of the worst things that could be done. Remember, both free market advocates and Keynesians agree that lowering prices would cure a depression, it's just that the Keynesians believe government intervention is necessary. A tariff does exactly the wrong thing by raising prices. Thus Smoot-Hawley was guaranteed to worsen any depression, not improve it. Other acts passed during Hoover's administration had similar effects of either raising prices or keeping them artificially high when they should have been dropping. Thus, it's not that Hoover was a do-nothing president, it's that he intervened in exactly the wrong way.



Resource: <http://www.amatecon.com/gd/gdoverview.html>