

OF HERBERT HOOVER

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Delbert E. Rice Jr.

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Committee on thesis:

Charles Ross
Donald S. Schick
Waldo F. Mitchell, Chairman

Representative of English Department:

L. O. Smith

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CHAPTER I

INTRODUCTION

At the end of World War I Herbert Clark Hoover, the United States Food Administrator, was doubtlessly one of the most popular men in the United States and the world, especially in desolated Europe. His name was a symbol of food for the starving and medicine for the sick. He was honored by the "Hooverstrasses" of Europe. There had developed an almost fanatic following of his co-workers.

Yet, in 1932, Herbert Hoover had become unpopular and was in the position of being the person blamed for the worse depression in the history of the nation. The "Hoover Streets" of Europe had given way to the "Hoovervilles" of the United States.¹ His name had become bitterly distrusted and even hated. The great engineer left the White House under a dark cloud of hopelessness and despair.

I. THE PROBLEM

Statement of the problem. It is the purpose of this study to answer two questions. First, what was the economic philosophy of Herbert Hoover? Second, did the experiences of the presidency and public life cause it to change?

¹ Richard Hofstadter, The American Political Tradition (New York: Alfred A. Knopf, 1948), p. 281.

Importance of the study. It seems strange that a man who had been the advisor to three presidents--one of whom had been of the opposite political party--should leave the office of President of the United States under such a dark cloud of adverse public opinion as no President since John Quincy Adams, more than a century before, had done.

It could not have been his administrative and organizing abilities because they were well-tested and proved. It is doubtful that it could have been his political beliefs, for no man was more patriotic. Perhaps, in the economic crisis of his administration it was his economic beliefs that failed him. It is the purpose of this paper to find out what his economic philosophy was in order that more light might be shed upon the circumstances of 1933.

II. THE METHODS USED

This study is almost entirely a result of documentary research. All the available writings, speeches, and public statements of Herbert Hoover were investigated.

After extensive reading and note-taking it was necessary to sort, search, and catalogue the compiled data in order that as much elimination as possible of identical data could be made. The next problem was to find a way to present the findings in such a way as to prevent boresome and uninteresting voluminousness.

To substantiate the statements and generalizations made, it was necessary to reproduce passages, some rather lengthy, of the data gathered.

There will be no attempt to defend or condemn the philosophy of Hoover. This thesis will attempt to present in as interesting manner as possible the results of many months' research. It will present a general view of the economic philosophy dealing with such segments of our economy as free enterprise, government-industry and commerce relations, standards of living, social security, effects of the depression, and Hoover's defense of the American System against ideologies that he felt threatened it.

III. ORGANIZATION OF THE REMAINDER OF THE THESIS

The remainder of the thesis is divided into four major parts.

The first part, chapter two, gives a short biographical sketch of Herbert Hoover. The author thought this necessary in order that certain statements and conclusions made later could be understood.

Chapters three, four, and five--the second part--is a presentation of Hoover's American System with divisions containing Hoover's beliefs in regard to free enterprise, government in business, standards of living and social security, depressions, and their effects upon the American System, and Hoover's defense of his system against Socialism, Fascism, and other ideologies foreign to the "American Way."

Chapter six contains the summary of the chapters and the conclusions drawn from this study. It also has some recommendations for further study.

The fourth part of this thesis is the bibliography. This contains the references cited in the text and some additional sources not cited.

IV. REVIEW OF THE LITERATURE

There have been some interesting works printed about Herbert Hoover. They mainly deal with his political and social policies and in most cases are a defense of these policies.

Ray Lyman Wilbur and Arthur M. Hyde presented a one volume work in 1937 titled The Hoover Policies,² which was basically a defense of the policies of the Hoover administration. William Starr Myers collected the state papers and other public statements of Hoover and had them published in two volumes.³ This is an important source for Hoover's political, social, and economic views.

The best presentation of Hoover's political and economic philosophy is in two books that he wrote himself,

² Ray Lyman Wilbur and Arthur M. Hyde, The Hoover Policies (New York: Charles Scribner's Sons, 1937), 667 pp.

³ William S. Myers, The State Papers and Other Public Writings of Herbert Hoover, (New York: Doubleday, Doran, and Company, 1934) 2 vol.

American Individualism⁴ and The Challenge to Liberty.⁵ In these Hoover presented his American System and its defense against other systems.

W. S. Myers collaborated with W. H. Newton to produce an excellent volume titled The Hoover Administration.⁶ This work presents in chronological order the history of the Hoover Administration with selected readings from Hoover's statements to the press, letters, and addresses.

In 1938 the first volume of Hoover's addresses was published.⁷ Periodically new volumes have been added, the latest being in 1948.

In 1945, in collaboration with Hugh Gibson, Hoover wrote a book titled The Problems of Lasting Peace,⁸ describing the major problems of the post-war world with economics as the key to their solution.

⁴ Herbert Hoover, American Individualism (Garden City: Doubleday, Page, & Company, 1923), 72 pp.

⁵ _____, The Challenge to Liberty (New York: Charles Scribner's Sons, 1934), 212 pp.

⁶ W. S. Myers & W. H. Newton, The Hoover Administration (New York: Charles Scribner's Sons, 1936), 553 pp.

⁷ Herbert Hoover, Addresses Upon the American Road, 1933-1938 (New York: Charles Scribner's Sons, 1938), 390 pp.

⁸ Herbert Hoover and Hugh Gibson, The Problems of Lasting Peace (New York: D. Van Nostrand Co., 1945), 44 pp.

CHAPTER II

HERBERT CLARK HOOVER (1874 -)

It was almost impossible to describe the economic philosophy of Hoover without first reviewing his life story. There are two major factors that determined his philosophy--his own life and American tradition.

The story of Hoover's life delights the fancy of the American people. Only in America could a poor orphan boy become a millionaire and then rise to the highest position in the land--President of the United States. His success was the answer to every fond parent's ambitious dreams for his son. Hoover's life and success were in the best American tradition.

This American tradition, which had been expounded by Jefferson, Jackson, and Lincoln furnished the central core of Hoover's philosophy. His life proved it. It was not merely an economic philosophy but a combination of social, political, and economic theories. It was the philosophy that had made America great.

The things in which Hoover believed--"free enterprise," "equal opportunity," "personal success," "individualism," "material welfare"--were all in the American way of life.¹ If these ideas were challenged, Hoover needed only to point to his own biography to answer the critics. Wasn't he a

¹ Richard Hofstadter, The American Political Tradition (New York: Alfred A. Knopf, 1948), p. 282.

good example of these things? Hadn't he risen from an orphan boy to the presidency? It is little wonder that Hoover believed those concepts to be true and substantial. As he said in an address at King's Mountain Battlefield on October 7, 1930:

I wish to speak today--to speak upon the institutions, the ideals, upon the spirit of America.

...for more inspiring than its growth of numbers has been the unfolding of a great experiment in human society. Within this land there have been builded new and powerful institutions designed of new ideas and new ideals in a new vision of human relations....

The unparalleled rise of the American man and woman was not alone the result of riches in land or forests or mines, it sprang from ideas and ideals, which liberated the mind and stimulated the exertion of a people.

No student of American history can fail to realize that these principles and ideals grew largely out of the religious origins and spiritual aspirations of our people. . . . This is the American System.²

Four years later in his book, The Challenge to Liberty, he expanded the definition of his American System:

Out of these complex and powerful instincts and impulses human experience over generations has developed an economic system which we may define as one of private property, competitive production and distribution of goods and services in hope of a profit, the payment of differential wages and salaries based upon abilities and services, the savings of earnings and profits, the lending of them at interest through their investment in our productive plant.

² W. S. Myers, The State Papers and Other Public Writings of Herbert Hoover (New York: Doubleday, Doran and Company, 1934), Vol. I, p. 395.

. . . This system is greatly modified from the raw by the increasing knowledge of what constitutes self-interest, but more importantly by the ideals and standards vital to secure ordered liberty.³

Yet, it was these very ideas which when expressed by Jefferson, Jackson, and Lincoln had been right and alluring for the majority of Americans, were to be stale and ridiculous after 1929. In the period after the stockmarket crash of October, 1929, Hoover, the man who so well represented the laissez-faire liberalism of the nineteenth and early twentieth centuries could not reach the people. What has been called the American Tradition had become a foreign and unintelligible thing. When Hoover left the White House, he became the last presidential spokesman of the doctrines "of laissez-faire liberalism, and his departure from Washington marked the decline of a great tradition".⁴

Just how much confidence Hoover placed in what he called the American System can best be understood from examining his biography. He was a self-made man out of Horatio Alger, or out of the stories of American tradition. His early life story would have delighted Lincoln. Hoover's rise is comparable to that of Andrew Johnson. Both came from the most modest environment.

³ Herbert Hoover, The Challenge to Liberty (New York: Charles Scribner's Sons, 1934), p. 28.

⁴ Richard Hofstadter, The American Political Tradition (New York: Alfred A. Knopf, 1948), p. 282.

Hoover's father was a village blacksmith, who supplemented his meager earnings from a small sideline of an agricultural machinery sales agency. He was the descendent of obscure pioneers who had migrated from North Carolina to Ohio and then to Iowa. Some of the Hoover family went farther west. Both of Hoover's parents were Quakers, and Herbert Clark Hoover was born into the Quaker community of West Branch, Iowa, August 10, 1874.

Hoover's father died when he was six, and his mother died three years later, leaving their savings of \$1500 to three children. Young Hoover lived for awhile with an uncle, Allan Hoover, on a farm near West Branch, but soon he was taken to Oregon with the family of his maternal uncle, Dr. John Minthorn. Because the Quaker creed allowed no idleness and insisted that even orphans must earn their keep, Hoover was making his way on truck farms at the age of thirteen. When his uncle opened a real estate office in Salem, Oregon, Hoover entered the business as an office boy. In the evenings he attended a Quaker night school. These Quaker beliefs in self-helps and helpfulness strongly influenced Hoover's philosophy.

In 1891 the newly opened Stanford University gave qualifying examinations for the freshman class. Although his education was incomplete, Hoover was admitted under

the handicap of being "conditioned" in English.⁵

When Hoover first entered Stanford, it appears that he had not yet decided upon a career. To support himself he took on a number of odd jobs in addition to working as secretary to Dr. John Branner, an eminent geologist. This position and the experiences gained in the summer months as Dr. Branner's assistant on geological surveys made Hoover's decision to study geology and mining. Work and education were not his only activities at Stanford. In his second and third years he plunged into campus politics, aligned with the poorer students, who lived in abandoned workmen's shacks on the edge of the campus, against the aristocratic and snobbish fraternity men. In this role of leader of the "masses" Hoover gained his just recognition and won respect.⁶ In 1893 Hoover was elected treasurer of the student body, his sole experience in running for office until the presidential campaign of 1928. At Stanford he met the daughter of a Monterey banker, Lou Henry, whom he married in 1899.

The country was in the depths of a depression in 1895 when Hoover took his engineering degree. Unable to get a post as engineer, Hoover took a job as a mine laborer in Grass Valley, California, at two and a half dollars a day.⁷

⁵ William Hard, Who's Hoover (New York: Dodd, Mead, and Company, 1928), p. 43.

⁶ Ibid., p. 60.

⁷ Ibid., p. 66.

His willingness to work and his ambitions soon won the recognition of Louis Janin, a well-known San Francisco engineer. Hoover took a position with Janin's firm and worked at mines in Colorado, New Mexico, Arizona, and Nevada. When a British mining company asked Janin to recommend an American engineer to supervise gold mines in Australia, Hoover was readily suggested. Herbert Hoover was on his way to becoming a great engineer at the age of twenty-four. He was to be a millionaire before forty.

In 1902 after several years working around the world, Hoover became a junior partner in the British firm, Bewick, Moering, and Company. He rapidly became a successful businessman and established a comfortable fortune, but the actions of a member of the firm nearly destroyed his newly gained wealth. In 1907 Hoover, having withdrawn from the partnership, started his own company with headquarters in New York and San Francisco and offices in England, Russia, and other parts of the world.⁸ Hoover's work carried him into more than twenty countries and caused him to deal with people of all kinds from the lowest savagery to the highest civilization. This work gave him invaluable experience as an organizer and administrator.

In 1914 Hoover began to play his first major role of relief administrator. The Hoovers, with many other Americans, found themselves stranded in London at the outbreak of war.

⁸ "Herbert Hoover," Encyclopedia Britannica, 1948 Edition, XI, 732-33.

Hoover mobilized his resources and those of friends to provide lodgings and passage for 150,000 Americans. Before he had completed this task he was asked to form a commission for the relief of some ten million Belgians and French who had been isolated by the invasion of Belgium and the German drive into France. With the entrance of the United States into the war Hoover was asked by President Wilson to become the United States Food Administrator. After the war Hoover headed the American Relief Administration until it was liquidated by the signing of the peace. Hoover, realizing the still present need for relief work, helped organize the European Children's Fund, a private charitable organization.⁹

In 1920 there was an unsuccessful attempt by some of Hoover's friends and co-workers to make him the Republican candidate for the presidency. It failed mainly because of Hoover's reluctance to be a candidate.¹⁰ In 1921 Hoover entered Harding's cabinet as Secretary of Commerce, a post he held for seven years. During that time his organizing and administrative ability raised that department from an insignificant cabinet post to a level equal to Mellon's Treasury Department.

⁹ Ibid., XI, p. 733.

¹⁰ Ibid., XI, p. 733.

In reviewing Hoover's life prior to the presidency it is easy to see why his philosophy can readily be identified with the traditional American philosophy. His whole career was a shining example of the great American way of life. His life followed the pattern set by Andrew Johnson, Rockefeller, Edison, and the other products of the American System.

Hoover maintained that the American system was
more liberal than Russia. In a campaign speech in New York

Richard B. H. Hoover, The American Political Tradition
New York: Charles Scribner's Sons, 1955, p. 110.

CHAPTER III

THE AMERICAN SYSTEM

I. FREE ENTERPRISE

Hoover strongly believed in the comparatively unregulated profit system under which he had grown up. He would not say that it was perfect and had no faults". . . it could, of course, be thrown out of gear by wrong thinking and unwise practice."¹ He knew also that there were cycles which ranged from periods of "boom" to periods of depression which he felt could be diminished. To Hoover the basic principles of the American System were thoroughly sound. If it were allowed to proceed with only enough governmental regulation to prevent abuses, it would provide more and more effectively for human welfare. Hoover had proof to back up his beliefs in the fact that, from 1893 to 1929, a period covering most of his mature life, there had been no major depressions. There had been a banker's panic in 1907, which was a result of the unsound practices and abuses that Hoover felt could be eliminated. There had also been a brief depression in the early twenties--but that was an outcome of wartime dislocation. It was evident to Hoover that the System worked well.

Hoover maintained that the American System was true liberalism. He said in a campaign speech at New York

¹ Richard Hofstadter, The American Political Tradition (New York: Alfred A. Knopf, 1948), p. 290.

in 1932 that the American System was one of ". . . economic justice as well as political and social justice. It is no system of laissez-faire."²

Hoover's liberalism is much like the economic doctrines of the nineteenth century and of the early twentieth century--the so-called New Era.³ As in other things Hoover's life influenced his thought. His early environment had been Republican in politics and Quaker in economy and religion. His travels in Europe and his business experiences around the world had served to confirm and intensify his opposition to statism and his belief in the American way.⁴

It is significant to note that Hoover, who, later, strongly opposed bureaucracy, might be considered a great bureaucrat. However the common criticism of the bureaucrat--inefficiency--has never been made of Hoover's regime in the Commerce Department, for its results were far out of proportion to its increase in expenditure and personnel. Once considered one of the least of the cabinet posts, the Secretaryship of Commerce rose under Hoover to equal the most important. Its functions grew; several subdivisions sprang up; other divisions were taken from the Interior Department;

² H. S. Commager, Documents of American History (New York: F. S. Crofts & Co., 1944), Vol. I, p. 408.

³ Hofstadter, op. cit., p. 291.

⁴ Ibid., p. 291.

plans were made for a huge new building; activities were accelerated to a remarkable pitch.⁵ Business trends were studied and reported as never before. One relatively minor division, the Office of Simplified Practice, rendered to business and the public annual savings which alone more than repaid the nation for the Department's budget and Simplified Practice was only a small part of a well-publicized campaign waged by the ex-engineer against economic waste.

II. CO-OPERATION

It was during his tenure in the Secretaryship of Commerce that Hoover campaigned vigorously for co-operative action between members of industry and between industry and government for the elimination of industrial strife, industrial waste, and the lowering of costs of production thereby raising the real wages of labor. He insisted that instead of governmental interference the government should aid industry and commerce and labor to co-operate.

Speaking at Oskaloosa, Iowa, on June 12, 1925, he said:

Through this enlarged sense of co-operation in industrial associations we have accomplished something in the reduction of abuse by unfair trade practices. By their co-operation we have accomplished something in elimination of waste and the inaugurating of improved methods of production and distribution. Through these organizations we have . . . better understanding of the responsibilities of both employers and employees. . . . We have at least demonstrated that the spirit of co-operation is within us. . . .

⁵ Carroll Woddy, The Growth of the Federal Government 1915-1932 (N. Y.: McGraw-Hill Book Co., 1934), p. 166 pp.

Nor will solutions be found in economic patent medicines of government action. We cannot cure foolishness by legislation. We cannot catch economic forces with bureaucracy. Yet we can influence economic forces by co-operation in the community. The national and local governments must cure abuse and fraud, and they can act as umpires. They can do many other things. But, above all, they can best serve the community by bringing about co-operation in the large sense between groups. It is the failure of groups to respond to their responsibilities to others that drives government more and more into the lives of our people. And every time the government is forced to act, we lose something in self-reliance, character, and initiative. Everytime we find solution outside of government we have not only strengthened character but we have preserved our sense of real self-government.⁶

In 1928 he spoke again of co-operative action by trade and industrial associations:

Wherever these associations undertake high public purpose I wish to see active co-operation by the government with them. Without intrusion the government can serve to bring together discordant elements and to secure co-operation between different industries and groups. It gives great hope of a new basis of solution for many people. It should be the response of government to our new economic conceptions. It is consonant with the American System. It is a method that reinforces our individualism by reducing, and not increasing, government interference in business and the life of our citizens.⁷

To Hoover this co-operative spirit and action would eliminate much of the "abuses" of the American System and still help the people to maintain their economic and political freedom. It is interesting to note the effect of Hoover's Quaker background in this line of thought. The idea of self-help and helpfulness of Quakerism is very noticeable.

⁶ Wilbur and Hyde, op. cit., p. 45.

⁷ Ibid., p. 46.

In his zeal for elimination of industrial waste Hoover seems to have failed to realize that such close co-operation by trade association is a potent force in producing collusive and monopolistic action. His Quaker and engineering training made his interests one of economy and increased productivity and thereby increased standards of comfort for the people. The long years of logical thinking based on facts and statistics hindered his vision of the human frailties.

III. REGULATION OF BUSINESS

Hoover believed in free enterprise with a minimum of governmental regulation. Hoover's general attitude toward business was always that, in the vast majority, the business transactions of the American people were honest and they were efficient. There were margins of abuse and exploitation which must be controlled and corrected. The best expression of Hoover's beliefs came in an address before the Young Republican League of Colorado in 1936. Then he said:

. . . We can no more have economic power without checks and balances than we can have political power without checks and balances. Either one leads to tyranny.

And there must be regulation of the traffic even when it is honest. We have too many people and too many devices to allow them to riot all over the streets of commerce. But a traffic policeman must only enforce the rules. He will block the traffic if he stands on the corner demanding to know their business and telling them how to run it.

. . . No democracy can dictate and survive as a democracy. The only way to preserve individual initiative and enterprise is for the government to make the same rules for everybody and act as umpire.

But if we are to preserve freedom we must face the fact that ours is a regulatory system.

And let us be definite once and for all as to what we mean by a system of regulation.

1. A great area of business will regulate its own prices and profits through competition. Competition is also the restless pillow of progress. But we must compel honest competition through prevention of monopolies and unfair practices. That is indirect regulation.

2. The semi-yet natural monopolies, such as railways and utilities, must be directly regulated as to rates to prevent the misuse of their privilege.

3. Banking, finance, public markets, and other functions of trust must be regulated to prevent abuse and misuse of trust.

4. Certain groups must be appropriately regulated to prevent waste of natural resources.

5. Labor must have the right to free collective bargaining. But it must have responsibilities as well as rights.

6. At one time we relied upon the theory of "shirt-sleeves to shirtsleeves in three generations" to regulate over-accumulation of wealth. This is now guaranteed by our income and inheritance taxes. Some people feel these taxes take the shirt also.

But there are certain principles that must run through these methods.

1. The first principle of regulation is the least regulation that will preserve equality of opportunity and liberty itself. We cannot afford to stifle a thousand honest men in order to smother one evil person.

2. To preserve liberty the major function of regulation must fall upon the States and local government.

But where the states hopelessly fail or when the problem grows beyond their power we should call upon the Federal government. Or we should invoke the machinery of interstate compacts.

3. Regulation should be by specific law, that all who run may read. That alone holds open the door of the courts to the citizens. This must be "a government of laws and not of men."

4. And the American System of liberty will not function solely through traffic policemen. The fundamental regulation of the nation is the Ten Commandments and the Sermon on the Mount.⁸

Hoover believed that the American System was constantly contending with "internal encroachments upon Liberty." Greed in economic agencies invaded it from the Right, and greed for power in bureaucracy and government infringed it from the Left. He said:

Its battles against betrayals of trust, business exploitation, and all forms of economic tyranny have long demonstrated that it was no system of laissez-faire. Its battles against the spoils system or the expansion of bureaucracy have long demonstrated its live sense of opposition to the subtle approach of political tyranny.⁹

Hoover believed the best regulation of industry and commerce would come from within the groups of these segments of our economy. The dictates of pure and honest competition alone could regulate abuses and preserve liberty. He said:

Competition is in a large measure the most effective and dependable check upon rapacity and a preventive of economic domination and tyranny. The abolition of

⁸ Herbert Hoover, American Ideals Versus the New Deal (New York: The Scribner Press, 1936), pp. 67-68.

⁹ Herbert Hoover, The Challenge to Liberty (New York: Charles Scribner's Sons, 1934), p. 33.

competition would lead to the death of production and progress in economic life. . . .¹⁰

Further expanding the belief in the influence of competition he wrote:

Through competition we secure the most potent stimulant to improvement and progress. The manager's restless pillow has done more than all the legislation upon the statute books. Competition curbs rapacity and attempts at economic domination. Ours is a system of losses to the least intelligent producers as well as profits to the more intelligent, and while some individuals may at times profit unduly or may abuse Liberty, in the end it is the consumer that wins through the production of the plenty of goods and services. For he is the beneficiary of that increasing production at constantly lower costs which we require to reach our social objective--in constantly increasing standards of living. This system is greatly modified from the raw by the increasing knowledge of what constitutes self-interest, but more importantly by the ideals and standards vital to secure ordered liberty.¹¹

IV. GOVERNMENT IN BUSINESS

In his book, The Challenge to Liberty, Hoover best expounded his views on governmental control and operation of commerce and industry. To Hoover any control other than regulation to prevent abuse and attempts at economic domination was a negation of the American System. In an earlier book, American Individualism, Hoover voiced his warning against government in business. He said:

To curb the forces in business which would destroy equality of opportunity and yet maintain the initiative and creative faculties of our people are the twin objects

¹⁰ Ibid., p. 154.

¹¹ Ibid., p. 28.

we must attain. . . . Regulation to prevent domination and unfair practices, yet preserving rightful initiative, is in keeping with our social foundations. Nationalization of industry or business is their negation. . . .¹²

In The Challenge to Liberty, speaking of nationalized power he said:

. . . Under Liberty, the citizen must have strong regulation of the rates and profits of power companies to protect him from oppression by the operator of a natural monopoly. But where government deliberately enters into the power business as a major purpose in competition with the citizen--that is Socialism.¹³

Also in this book Hoover wrote:

We cannot extend the mastery of government over the daily life of a people without somewhere making it master of people's souls and thoughts. That is going on today. It is part of all regimentation.

Even if the government conduct of business could give the maximum of efficiency instead of least efficiency, it would be purchased at the cost of freedom. It would increase rather than decrease abuse and corruption, stifle initiative and invention, undermine the development of leadership, cripple the mental and spiritual energies of our people, extinguish equality of opportunity, and dry up the spirit of liberty and the forces which make progress.

. . . It is a false Liberalism that interprets itself into government dictation, or operation of commerce, industry, and agriculture. Every move in that direction poisons the very springs of true liberalism. It poisons political equality, free thought, free press, and equality of opportunity. It is the road not to liberty but to less liberty. True liberalism is found not in striving to spread bureaucracy, but in striving to set bounds to it. Liberalism is a force proceeding from the deep realization that economic freedom cannot be

¹² Herbert Hoover, American Individualism (Garden City: Doubleday, Page, and Co., 1923), p. 54.

¹³ Herbert Hoover, The Challenge to Liberty (New York: Chas. Scribner's Sons, 1934), p. 89.

sacrificed if political freedom is to be preserved. True Liberalism seeks all legitimate freedom first in confident belief that without such freedom the pursuit of the other blessings is in vain.¹⁴

To summarize: Hoover believed in a free competitive enterprise system in which there was equality of opportunity. To him economic life was a race that was won by the ablest runner. The government is only an umpire which stands on the sidelines and insures that the runners conform to the rules. He did admit that in some cases in industry and commerce there had been abuses but in most of these instances pure and honest competition, insured by government, would correct them. Hoover fully believed in co-operative action by the various groups of industry and commerce and that government should encourage this co-operation. For the most part government was to be a traffic policeman and an information service for industry and commerce. He further strongly believed that any government control or operation of commerce, industry, or agriculture, e. g. nationalized power, would lead to the loss of freedom and be a deterrent to progress. While he was Secretary of Commerce and President, Hoover with the hope that there would be a great elimination of industrial waste which would lower production costs, promoted the trade association movement. It is doubtful that he shared

¹⁴ Ibid., p. 203 f.

David Lynch's view of these trade associations mainly because of his belief in the inherent honesty of American businessmen.¹⁵

¹⁵ David Lynch, The Concentration of Economic Power (New York: Columbia University Press, 1946), pp. 210-212, 154-155.

CHAPTER IV

THE AMERICAN SYSTEM (CONTINUED)

I. STANDARDS OF LIVING

In Hoover's American System increased standards of living and social and economic security were almost inseparable because they were the results of increased production. During his life, Hoover had seen a marked rise in the standards of living and in wages. The increased productiveness of American workers and industrial technology had been greater than in any other nation or under any other system. Telephones, electric lights, automobiles, radios, electric refrigerators--all these inventions had come into broad popular use. The ingenuity and enterprise of the American people, Hoover believed, would continue to make the goods of life more efficiently and more cheaply. He accepted the automatic theory of economics that increased productivity increases wages and buying power, which increased demand for commodities and services. New industries would spring up and offer more employment. In what better way, Hoover asked, can the standards of living be raised than by increasing buying power and availability of goods and services? What better way is there to provide security than by providing increasing and continuing employment?

Hoover's statements on these ideas were many. They never changed basically. In his book, American Individualism, he wrote:

That high and increasing standards of living and comfort should be the first consideration in public mind and in government needs no apology. We have long since realized that the basis of an advancing civilization must be a high and growing standard of living for all the people, not for a single class; that education, food, clothing, housing, and the spreading use of what we so often term non-essentials, are the real fertilizers of the soil from which spring the finer flowers of life. The economic development of the past fifty years has lifted the general standard of comfort far beyond the dreams of our forefathers. The only road to further advance in the standard of living is by greater invention, greater elimination of waste, greater production and better distribution of commodities and services, for by increasing their ratio to our numbers and dividing them justly we each will have more of them.¹

In December, 1919, he expressed a similar belief and added that no section of the people could be neglected:

That the standard of living is the direct quotient of the amount of commodities and services that are available among the total population. Therefore the standard cannot be maintained or improved unless there is a maintenance and increase in the production of commodities and services up to the maximum need of the entire number. There is no equality of opportunity to the consumer with deficient production. The maximum production cannot be maintained unless there is. . . co-ordinated action in effort; . . . unless there is an elimination of waste . . . giving a participation in savings from decreased costs of production and increase in quality. . . If the other sections of the community. . . take an undue toll from their services, then the farmer will be paying undue amounts for his supplies--he will be carrying an undue portion of the load of maintaining the standard of living.²

¹ Herbert Hoover, American Individualism (Garden City: Doubleday, Page, and Co., 1923), p. 32.

² Wilbur & Hyde, op. cit., p. 103.

He officially entered these concepts in the Annual Report of the Secretary of Commerce in June, 1924:

The American standard of living is the product of high wages to producers and low prices to consumers. The road to national progress lies in increasing real wages through proportionally lower prices. The one and only way is to improve methods and processes and eliminate waste.³

During the campaign of 1928, Hoover repeated his beliefs on increased standards of living in an article in the Review of Reviews:

... By improvement in the processes of manufacturing and distribution we may reduce the cost and therefore the price of the essentials of food, clothing, and housing, and thereby provide the margins through which we secure a widening use of what we so often term non-essentials.

To express it another way, we increase the buying power of wages and income and thus the amount of services that all can command.⁴

In an address before the National Republican Convention in Cleveland June 10, 1936, Hoover summed up the whole problem of increased standards of living:

... it is solely by production of more goods and more variety of goods and services that we advance the standard of living and security of men. If we constantly decrease cost and prices and keep up earnings, the production of plenty will be more and more widely distributed.⁵

³ Twelfth Annual Report of the Department of Commerce (Washington: U. S. Government Printing Office, 1924), p. 10.

⁴ Herbert Hoover, "Backing up Business," Review of Reviews, 78:278, September, 1928.

⁵ Herbert Hoover, American Ideals Versus the New Deal (N. Y.: The Scribner Press, 1936), p. 7.

II. SOCIAL SECURITY

To Hoover the concept of social security was more than unemployment insurance and old age pensions. It was indeed more economic than social, for like the standard of living it depended upon the economic functions of the nation.

Hoover described the social securities as having two parts. He said in 1935:

The first of social securities is freedom--freedom of men to worship, to think, to speak, to direct their energies, to develop their own talents, and to be rewarded for their efforts. Too often plans of social security ignore these, the primary forces which make for human progress, without which America as we know it could not exist. Freedom is a spiritual need and a spiritual right of man. We can get security in food, shelter, education, leisure, music, books, and what not, in some jails. But we don't get freedom. Those who scoff that individual liberty is of no consequence to the underprivileged and the unemployed are grossly ignorant of the primary fact that it is through the creative impulses of liberty that the redemption of these sufferings and that social security must come.

The second of the social securities is the capacity to produce a plenty of goods and services with which to give economic security to the whole of us. Scientific discovery, this vast technology and mechanical power, are the achievement of personal and intellectual freedom. Creativeness, intellectual accomplishment, initiative, and enterprise are the dynamic forces of civilization. They thrive alone among free men and women. It is these impulses which have built capacity to produce a plenty that society must now learn to employ more effectively. This freedom and this plenty came into western civilization hand in hand--they are inseparable. This vastly complicated mechanism is not alone a mass of machines. These engines and machines are inert materials which require every hour of the day new human initiative, new enterprise, and new creative action, or they will not work. No other group of impulses would have produced this productivity. No other method but that of an orderly personal liberty can operate or improve it. Economic security is lost the moment that freedom is sacrificed.

. . . The hope of social security can be destroyed both from the right and the left. From the right come the abuses of monopoly, economic tyranny, exploitation of labor, or of consumers or investors. From the left come power-seeking, job-holding bureaucracies, which bleed our productive strength with taxes and destroy confidence and enterprise with their tyrannies and their interferences. . . .⁶

An integral part of social security was ownership of property, Hoover maintained:

Economic security and in fact social security can be greatly strengthened by wider-spread property ownership. The home, farms, business, savings insurance, and investment are not only a reserve of economic security but by their wide distribution they become of vast social importance far beyond their monetary value. Here lies a sense of freedom from fear, a sense of independence, the accomplishment of personal endeavor and choice.⁷

One of the problems of social security was the distribution of property ownership and diffusion of wealth. He disagreed that there was a wide-spread maldiffusion of wealth but admitted that a very small number at the top receive more than their share and that a small number at the bottom received too little. In The Challenge to Liberty he wrote:

... That some individuals receive too little and some receive too much for the services that they perform is a certainty. . . . But we may point out that with the diffusion of income in normal times under our system among 25,000,000 American families it cannot be justly claimed that more than a fringe of a few hundred thousand receive more than they deserve for the service they give the community and that there are not more than

⁶ Herbert Hoover, Addresses Upon the American Road, 1933-1938 (New York: Charles Scribner's Sons, 1938), p. 51ff.

⁷ Ibid., p. 54.

a few million on the other fringe who conscientiously work and strive and do not receive that to which they are justly entitled. In between lies the vast majority of our people. . . .⁸

Hoover expanded this concept further when he wrote:

The constant ideal of the whole American System has been thrift and wider and wider diffusion of property. That makes for solution of many social questions including the whole problem of security in rainy days and old age. But there can be no incentive to acquire such security unless the right to honest possession is maintained.

. . . The American System has long since realized the necessity of curbing the undue amassing and concentration of wealth. The denial of primogeniture, the constant drive to preserve competition, to control monopoly, the drastic taxes upon inheritance, all have shown evidence of this realization. . . .⁹

Hoover held that the most effective method of distribution and checking the vast concentration of wealth is through inheritance or estate taxes. The use of this method would not so disrupt the economic system as to do great harm. In 1936, at Colorado Springs, he said to the young Republicans:

At one time we relied upon the theory of "shirt-sleeves to shirtsleeves in three generations" to regulate over-accumulation of wealth. This is now guaranteed by our income and inheritance taxes. Some people feel these taxes take the shirt also.¹⁰

⁸ Herbert Hoover, The Challenge to Liberty (New York: Charles Scribner's Sons, 1934), p. 180.

⁹ Loc. cit.

¹⁰ Herbert Hoover, American Ideals Versus the New Deal (New York: The Scribner Press, 1936), p. 69.

Later that year at Denver he condemned the inheritance of economic power by descendants:

Luck and genius create large fortunes. But the inheritance of great economic power by descendants is not consonant with a free people. We used to rely upon the incompetence of the descendants to dissolve these accumulations. . . .

No doubt, estate taxes do drive for the oversized fortunes, but they could be made to do a better job. . . .

At the same time we could dissolve an inheritance of economic power if we intelligently reform these taxes.¹¹

In the Review of Reviews Hoover probably best expressed his conception of what people wanted in the way of security from the American System. He wrote:

What we all want from this economic system is greater stability, that men may be secure in their employment and their business; assured returns to savings, with less hazard and speculation; increasing standards of living to all our people, not only through increased stability of employment and business but through application of invention and steady elimination of industrial waste; an increasing diffusion of wealth; greater independence of business from external control earned by greater responsibility of business for internal control; a protection to the public from tyrannical action, monopoly, and unfair practices by the minimum of necessary governmental action and the maximum of responsibility to public interest from those who direct industrial organization and who lead labor.¹²

During his administration Hoover maintained his basic concept in an address before the American Federation of Labor in October, 1930:

¹¹ Herbert Hoover, Addresses Upon the American Road, 1933-1938 (New York: Charles Scribner's Sons, 1938), p. 198.

¹² Herbert Hoover, "Advances Toward Economic Ideals," Review of Reviews, 68:32, January, 1926.

Nor is there any reason to believe that we cannot revolve our economic system in such fashion that further new discoveries and inventions will further increase our standard of living and thereby continue to absorb men who are displaced in the older industries. . . .¹³

Carrying on this idea of increased production to provide increased security, Hoover repeated this concept in 1936:

In economic life there is but one hope of increased security and comfort for the common man, of opportunity for all. That is to adopt every labor-saving device, every discovery, every idea to reduce waste and the cost of producing goods. We must work our machines heartlessly but not our men. Thereby goods can be sold cheaper and more people can buy. That is the only sure road to a job for every man. It is the only road to restore employment.¹⁴

Despite the emphasis on increased production and distribution of commodities and services as the means to security, Hoover did believe in old pensions and unemployment insurance. Originally his belief was that pensions should be established by the States. After later study he felt that the subject must extend further than dependence upon the States. As he said to the Republican Women of Pennsylvania: ". . . We should approve of Federal Subsidy to the States to strengthen and unify their efforts."¹⁵

¹³ Myers, op. cit., Vol. I, p. 392.

¹⁴ Herbert Hoover, American Ideals Versus the New Deal (New York: The Scribner Press, 1936), p. 66.

¹⁵ Ibid., p. 90.

However, he believed unemployment insurance was a matter for private insurance firms and state governments.¹⁶

In summary, Hoover believes that the best means for increasing the standards of living and providing for social and economic security were to use to the fullest the inventive and technological genius of American workers and industry. This way higher real wages would enable consumers to buy more. This increased consumption would increase employment through the need for increased production. This theory is basic in the American System.

¹⁶ Wilbur and Hyde, op. cit., p. 92.

CHAPTER V

THE AMERICAN SYSTEM (CONCLUDED)

I. DEPRESSIONS

In October, 1929, a little more than eight months after his inauguration as President, the stockmarket crumbled, dragging the economy of the nation downward. There followed a period of depression that was to cause Hoover to suffer tremendously in popularity. The man who, just a decade before, had been honored by nations for his relief work was to become the symbol of hunger and distress in his own country.

In the crisis of the following years Hoover never deserted his basic philosophy, the American System. To him the American System was basically sound, but it had been temporarily impaired by incidental and accidental influences, chiefly from abroad. In his annual message to Congress, December, 1930, he said:

Other deep-seated causes have been in action, however, chiefly the world-wide over-production beyond even the demand of prosperous times. . . . The cumulative effects of demoralizing price falls of these important commodities in the process of adjustment of production to world consumption have produced financial crises in many countries. . . .

In the larger view the major forces of the depression now lie outside the United States, and our recuperation has been retarded by the unwarranted degree of fear and

apprehension created by these outside forces.¹

A few months earlier in an address before the American Bankers Association he had said:

This depression is world-wide. Its causes and effects lie only partly in the United States. . . . A perhaps even large immediate cause of our depression has been the effect on us from the collapse in prices following overproduction of important raw materials, mostly in foreign countries.²

In The Challenge to Liberty Hoover blamed much of the depression upon the aftereffects of World War I and the subsequent peace time dislocations. He wrote:

From the furnaces of war it has been plunged into the furnaces of economic disorder. The lingering effects of the stupendous destruction of the war; the economic dislocation of the peace; the vast speculation founded on the increasing effort to avoid payment of both private and public debt through inflation and manipulation of currencies; the efforts to make some other nation pay governmental debts; the explosive fuel of nationalism; the unassimilated scientific discoveries and inventions; all these have brought the Great Depression, with its vast unemployment and untold misery.³

Despite what Hoover thought the causes were he was the first president to bring federal leadership to a depression. The historic policy had been one of laissez-faire. Yet in many ways Hoover's thoughts were laissez-

¹ Congressional Record Vol. 74, Part I, 71st. Congress, 3rd. Session, (Washington, D. C., U. S. Government Printing Office, 1931), p. 33.

² Ibid., p. 202.

³ Herbert Hoover, The Challenge to Liberty (New York: Charles Scribners Sons, 1934), p. 13.

faire mainly in the fact that arbitrary compulsory action by the Executive and the Federal government was unthinkable. He felt that action taken must be voluntary. State and local governments should take the largest hand in solving the problems of depressions with the Federal government staying in the background as a reserve force.

Hoover divided the problems of depressions into two parts. He expressed this in 1920:

I sometimes feel that public problems can be divided into two classes. The first is that in which sufficient facts, figures, or concrete experience can be amassed to give certain indication of the course of constructive action. The second are those arising out of sheer complexes of political, economic, and social currents, in which solution at best is more largely pure judgement guided by the adherence to national ideals. The common judgment must arise out of common discussion, the development of a common mind flowing from the common sense of our people. This latter type of problem seems to especially lend itself to destructive criticism. The greatness of this country, however, has not grown from the police court mind.⁴

Maintaining that the American System was basically sound, Hoover proceeded on the assumption that if the Executive could call the leaders of labor and industry together they could work out a co-operative plan for recovery. However, after labor and management agreed to maintain the wage and price levels, Hoover's philosophy forbade him to ask Congress for compulsory powers to insure the carrying out the agreement.

⁴ Wilbur and Hyde, op. cit., p. 41.

Hoover was reluctant to admit that the causes for the depression came from within. He did write in The Challenge to Liberty that the actual abuses which had impaired the American System were lodged in unwise practices of the financial agencies:

. . . We shall find also that these abuses do not lie in the actual operation of our production and distribution system as much as in our financial system. . . . The increasing growth of domination by financial agencies over the industrial and distribution agencies has led to abuses by exploitation and vicious speculation which are in no sense the fault of the industries themselves.⁵

In 1938 in an address before the Council of Foreign Affairs Hoover did hint that part of the depression was home-made, but he maintained that outside forces were chiefly to blame:

It seems unnecessary to state to an American audience that we are not isolated from the fateful forces that sweep through Europe. . . . And you will not forget the fact that in 1931, after we had started to recover from our home-made slump, we were plunged into the deepest world-wide depression until then known to our history by the financial panic which swarmed out of Central Europe.⁶

Hoover's philosophy in the depression can best be described by his policies in agriculture and relief.

Hoover's farm policy was outlined in the Agricultural Marketing Act of 1929 which established the Federal Farm Board. During periods of glut the Farm Board was to enter

⁵ Herbert Hoover, The Challenge to Liberty, (New York: Charles Scribner's Sons, 1934), p. 163.

⁶ Herbert Hoover, "The Greatest Service the Nation Can Give," Vital Speeches, 4:407, April, 1938.

the market and buy the surpluses of overproduced crops, thus sustaining prices until the market returned to normal. Hoover took for granted that any overproduction that might occur would be occasional, not chronic.

In 1932 the Cotton Corporation began to ask farmers to plow up every third row in their fields. This co-ordinated scarcity which Hoover's administration sought in vain through voluntary action was not successful mainly because Hoover's basic philosophy would not permit coercive action upon the part of the Federal government.

Probably the one thing that did more to destroy Hoover's popularity was his attitude toward relief. Here the strong influences of his own life showed clearly. His Quaker creed, which held to the tenet of self-help, and his experience as relief administrator during and after World War I stayed his hand in corrective action. Hoover further felt that relief was a project for private, local, and state agencies. He wrote:

Proper action in relief of distress is inherent in the social vision of the true American System. No American should go hungry or cold if he is willing to work. Under our system relief is first the obligation of the individual to his neighbors, then of institutions, then of local communities, and then of the state governments. The moment the need exceeds the honest capacities of the local agencies, then they must have the support of the Federal government as the final reservoir of national strength.⁷

⁷ Herbert Hoover, The Challenge to Liberty (New York: Charles Scribner's Sons, 1934), p. 106.

The basis of this belief was probably more political and moral than economic. Hoover feared the loss of power by local government and concentration of powers in a bureaucracy in Washington. Hoover did pledge that if the time came--as he was sure it would not--when local agencies failed, he would:

. . . ask the aid of every resource of the Federal government because I would no more see starvation amongst our countrymen than would any Senator or Congressman. . . . I am opposed to any direct or indirect government dole. The breakdown and increased unemployment in Europe is due in part to such practices.⁸

Hoover was partly hindered in his actions on relief by his adherence to the policy of a balanced budget which could not have been possible if there had been huge relief appropriations.

The one single event that showed Hoover's philosophy of self-help and private charity came as the aftermath of the 1930 drought. In December Hoover approved a Congressional appropriation of forty-five million dollars to save the livestock of stricken Arkansas farmers but opposed an additional twenty-five million dollars to feed the farmers and their families insisting that private agencies, especially the Red Cross, could take care of them. Finally, when Congress did vote an additional twenty millions to feed the farmers,

⁸ Myers, op. cit., Vol. I, p. 496.

it was stipulated that the money should go as a loan rather than a gift. Endorsing the loan, Hoover remarked that for the Federal government to give money for relief:

. . . would have injured the spiritual responses of the American people. . . We are dealing with the intangibles of life and ideals. . . A voluntary deed is infinitely more precious to our national ideals and spirit than a thousandfold poured from the Treasury.⁹

Unfortunately for Hoover all the people did not have his convictions about or faith in the American System. In 1933 he left the White House under a dark cloud. The man who just a little more than a decade before had gained the gratitude of Europe and his countrymen for his relief work left office the symbol of hunger and distress to many.

II. HOOVER'S DEFENSE OF HIS SYSTEM

In all the period after World War I Hoover spoke as a defender of the American System against the rise of disastrous ideologies and systems both at home and abroad. His two books, American Individualism (1923) and The Challenge to Liberty (1934) were the cornerstones in his defense. He constantly warned the American people against the false liberalism the foreign systems embodied.

As early as 1919 he warned against Socialism in an article in Forum. Discussing the dangers of Socialism

⁹ Ibid., Vol. II, p. 45.

to the new democracies of Europe, he wrote:

My conviction is that this whole philosophy is bankrupting itself from a startling quarter in the extraordinary lowering of productivity of industrial commodities to a point that, until the recent realization of this bankruptcy, was below the necessity for continued existence of their millions of people.

We shall never remedy justifiable discontent until we eradicate the misery which the ruthlessness of individualism has imposed upon a minority.¹⁰

Defending the American System against the names being hurled at it by communists, Hoover wrote in American Individualism:

We have in fact, a special. . . system of our own. We have it ourselves from materials brought in revolt from conditions in Europe. We have lived it; we constantly improve it; we have seldom tried to define. It abhors autocracy and does not agree with it, but fights it. It is not capitalism, or socialism, or syndicalism, nor a cross breed of them. Like most Americans, I refuse to be damned by anybody's word-classification of it such as 'capitalism,' or any other or to any kind of compartment that is based on the assumption of some group dominating somebody else.¹¹

After he left the White House, Hoover, in a series of speeches before Republican conventions and other meetings, warned Americans against what he thought were the dangers arising out of New Deal policies. Several of these were printed in a booklet titled American Ideals Versus the New

¹⁰ Herbert Hoover, "The Safety of New-born Democracies," Forum, 62:551, December, 1919.

¹¹ Herbert Hoover, American Individualism (Garden City: Doubleday, Page, & Co., 1923), p. 12.

Deal. His book The Challenge to Liberty was also a warning. He warned of the managed economy foreshadowed by the New Deal and predicted that such a system would of necessity destroy economic freedom, the basis of all other freedoms, and that tampering with socialistic methods would only bring a middleclass reaction toward fascism. He wrote in 1934:

American liberty denies that special privileges come to men by birth; it denies the whole concept of frozen class and of class conflict, for these stratifications are barriers to the free spirit and the free rise of the individual by his own efforts.¹²

. . . . The American System holds equally that monopoly, group or class advantage, economic domination, regimentation, Fascism, Socialism, Communism, or any other form of tyranny, small or great, are violations of the basis of liberty.¹³

True American Liberalism utterly denies the whole creed of Socialism. The disguised or open objective of Socialism is equality in income, wages, or economic rewards. The tenet of equality in true Liberalism is a tenet of equality in birth, equality before the law, and equality of opportunity as distinguished from equality of rewards for services. True Liberalism insists that to equalize rewards and possession of material things robs the individual of free imagination, inventiveness, risk, adventure, and individual attainment, development of personality, and independence from a monotony that would sentence the soul to imprisonment. It denies the Socialist contention that men will be more free when compelled to work under and to work for only one employer--the government.¹⁴

¹² Herbert Hoover, The Challenge to Liberty (New York: Charles Scribners Sons, 1934), p. 32.

¹³ Ibid., p. 34.

¹⁴ Ibid., p. 57.

In an address before the Council of Foreign Affairs in 1938 Hoover best expressed his warning against planned economy:

With economic planning once started, each step has required another until it arrives at governmental dictation to business, to labor, and farmers of wages, hours, production, consumption, prices, profits, finance, imports and exports. Coercion becomes a necessary instrument and then it is but a few steps to complete dictatorship. All opposition becomes treason.¹⁵

Speaking to the National Republican convention in 1940, Hoover explained the reason for his trip abroad in 1938 as an attempt to find out what causes dictatorships. There were many complex factors involved, he admitted, but he had had no difficulty in spotting the main source--it was economic planning. He told the convention, ". . . in every single case before the rise of dictatorship there had been a period dominated by economic planners."¹⁶

In all his statements against economic planning there appeared an inflexibility in his faith in what might be called the planless works of the free enterprise system. Hoover could never acknowledge, without abandoning the premise upon which his public life had been built, that unmanaged capitalism was an economic system without a major flaw. At Madison Square Garden, October 31, 1932, Hoover said:

¹⁵ Herbert Hoover, "The Greatest Service the Nation can give," Vital Speeches, 4:407, April, 1938.

¹⁶ Herbert Hoover, Addresses Upon the American Road 1940-1941 (New York: Chas. Scribner's Sons, 1941), p. 208.

This thirty years of incomparable improvement in the scale of living, the advance of comfort and intellectual life, inspiration and ideals did not arise without right principles animating the American System which produced them. Shall that system be discarded because vote-seeking men appeal to distress and say that the machinery is all wrong and that it must be abandoned or tampered with? Is it not more sensible to realize the simple fact that some extraordinary force has been thrown into the mechanism, temporarily deranging its operation?¹⁷

To summarize the American System in which Hoover so staunchly believed, it is best to describe it as a system of free enterprise, substantial laissez-faire, equality of opportunity, material welfare, and rugged individualism. Hoover himself declared that he did not invent the term "rugged individualism" but he would have been proud to have done so.¹⁸

The American System denies any government control other than the minimum necessary to prevent abuses and unwise practices. It is a system of co-operative action sponsored by government but never should government force itself upon the system. The major control of the system comes from the ideals and honesty inherent in most men. Competition with just rewards for initiative, inventiveness, and equal opportunity can do more to regulate the System than all the legislative acts upon the statute books.

¹⁷ Herbert Hoover, Addresses Upon the American Road, 1933-1938 (New York: Chas. Scribner's Sons, 1938), p. 8.

¹⁸ Herbert Hoover, The Challenge to Liberty (New York: Charles Scribner's Sons, 1934), p. 34.

The American System is opposed to any other system that denies individual freedom. Any system that denies individual liberty is one of false liberalism. The American System is responsible for the great improvement in the standards of living and comfort and the advance in intellectual and cultural life of the United States. The United States as a world leader is the prime example of the workability of the American System.

CHAPTER VI

SUMMARY, CONCLUSIONS, AND RECOMMENDATIONS

I. SUMMARY

In reviewing Hoover's life prior to the presidency it is easy to see why his philosophy can be readily identified with the traditional American philosophy. His whole career was a shining example of the great American way of life. His life followed the pattern set by Andrew Johnson, Rockefeller, Edison, and other products of the American System.

Hoover believed in a free competitive enterprise system in which there was equality of opportunity. To him economic life was a race that was won by the ablest runner. The government is only an umpire which stands on the sidelines and insures that the runner conforms to the rules. He did admit that in some cases in industry and commerce there had been abuses, but in most of these instances vigorous and honest competition, insured by government, would correct them. Hoover fully believed in co-operative action by the various groups of industry and commerce and that government should encourage this co-operation. For the most part government was to be a traffic policeman and an infor-

mation service for industry and commerce. He further believed strongly that any government ownership or operation of commerce, industry, or agriculture would lead to the loss of freedom and a deterrent to progress.

Hoover believed the best means for increasing the standards of living and providing for social and economic security were to use to the fullest the inventive and technological genius of American workers and industry. This way higher real wages would enable the consumer to buy more. This increased consumption would increase employment through the need for increased production. This theory is basic in the American System.

The American System is opposed to any system that denies individual freedom. Any system that denies individual liberty is one of false liberalism. The American System is responsible for the great improvement in the standards of living and comfort and the advance in intellectual and cultural life of the United States.

II. CONCLUSIONS

The economic philosophy of Herbert Hoover, as embodied in what he called the American System, is one of free enterprise, equality of opportunity, material welfare, and substantial laissez-faire. Its operation depends largely upon

moral and ethical idealism and works best in the free air of co-operation.

Basically Hoover never changed his philosophy mainly because it was so much a part of his life and his life was a shining example of the way the American System functioned. Almost immediately after his leaving the White House, Hoover began a campaign to enunciate and defend his American System.

III. RECOMMENDATIONS

There is a need for a clear objective study of the political philosophy of Herbert Hoover. Volumes have been written which defend his administration but none which sets forth, in an unbiased way, the "progressivism" which Hoover represented.

An interesting study could be made in search of the attitudes and policies of Hoover, as Secretary of Commerce. The expansion of the Department of Commerce was great during his secretaryship despite his antipathy to bureaucracy.

For educators or persons interested in educational research, an investigation of the policies of the Hoover administration offers an excellent field.

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