

## "Herbert Hoover and West Branch" Book, 1974

### Hoover and the Economy

Beginning with the Hoover administration, government was moving, willingly or unwillingly, in to an entirely new role of responsibility for the economy.

Presidents and political parties found themselves dealing with economic problems so complex and rapidly changing as to defy easy comprehension and solution. Events forced Presidents into courses of economic action that were apparently contrary to their firm convictions and goals as expressed in their campaigns for election.

Herbert Hoover's record furnishes the first example. As a candidate in 1928, he stressed "vigorous co-operation by the government to promote economic welfare" and praised "the spirit of adventure, of individual initiative, and of individual enterprise."

Hoover's assertion as President of the government's responsibility for the nation's economy represented a complete break with the thinking of all past Presidents, and the new philosophy had been embraced by all succeeding Presidents.

Lecturing at Harvard University in 1934, the late Walter Lippmann pointed out that Presidents Monroe, Van Buren, Buchanan, Grant and Cleveland served during depressions and all of them "thought it no part of their duty, and not within their power, to take charge of the economy and direct it through the storm." But Mr. Hoover "regarded it as his obvious duty to take charge and to direct."

Lippman said that Mr. Hoover spent billions in protecting banks, insurance companies and railroads against bankruptcy, in subsidies for agriculture, and on public works. He used the nation's credit in an effort to relieve debtors and to restore prices. He sought to control productions, raise wages, and stimulate international trade.

"Mr. Hoover tried to do virtually everything that Mr. (Franklin D.) Roosevelt did in his first year," Lippmann said. "He moved more cautiously, he applied smaller doses of the medicine, he timed the doses differently, and he worked against constantly mounting political opposition. He was less lucky and he was less effective. But on the point which concerns us here which is that laissez-faire\* is dead and that the modern state has become responsible for the modern economy as a whole, Mr. Hoover is the best of all witnesses. For he acted on a doctrine which he professed to reject. There could be no better evidence of the degree to which the new doctrine is established."

Lippmann expressed only his opinion, of course, on what Hoover “professed to reject.” Hoover’s 1928 campaign speeches pointed out the contrasts between private initiatives and government ownership, with little reference to the areas between.

Yet, at one point in the campaign, Hoover said: “The ever essence of equality of opportunity and of American individualism is that there shall be no domination by any group or combination in this republic, whether it be business or political. On the contrary, it demands economic justice as well as political and social justice. It is no system of laissez-faire.”

\*laissez-faire: A doctrine opposing governmental interference (as by regulation or subsidy) in economic affairs beyond the minimum necessary for the maintenance of peace and property rights...a policy of non-interference with individual freedom of choice and action.

### **Equality of Opportunity**

Herbert Hoover had a dream for America - a liberal progressive dream of a revitalized participatory democracy. He recognized that technology and urbanization were changing our society, and he was trying to find new instruments to keep alive grass roots participation.

As early as 1919 or 1920 when he was chairman of President Wilson’s second Industrial Conference, he was getting that Conference to come out with proposals for collective bargaining, unemployment insurance, workmen’s compensation, equal wages for women for equal work, tough child labor laws, and other.

He says in his memoirs that he delivered a speech before the Boston Chamber of Commerce on behalf of these ideas, and he said the applause he received would not have awakened a nervous baby.

Cyrus Ching, who was President Truman’s chief labor negotiator, said that Hoover has a whole series of small conferences, getting five “enlightened” industrial leaders at a time in a small room and trying to sell them collective bargaining. Hoover told them it was inevitable and that they should accept it with good graces and allow the reasonable leaders such as Samuel Gompers to influence the course of labor and industrial relations. They turned him down cold, those enlightened leaders. Ching said that had they followed Hoover’s advice in 1920 we might have avoided the bitterness of the 1930’s.

When he was Secretary of Commerce, Hoover was so appalled at the low wages of government workers that he wanted to raise a government housing co-operative, to have the government workers collectively build their own housing at reasonable rents, which drove real estate people in Washington right up the wall - this wild, socialist idea.

In 1928, he discovered that much land in the Mississippi Valley was under tax liens and he wanted to have a land reform program to create small farms for black and white sharecroppers throughout the Mississippi Valley, with a National Credit Corporation to make long-term loans at

low interest rates to those people. The New Deal picked this up a few years later, but they gave no credit Hoover who had originated the idea.

Hoover supported a graduated income tax as a means of redistributing wealth, and tough inheritance laws. He said that if we do away with inheritance of political power, we must do away with inheritance of economic power. The big impediment as he saw it was the long-term - the two-generation trusts.

What Hoover wanted was not necessarily a great increase in the inheritance tax as he thought it was pretty stiff already. What he wanted was to get away from those trusts as a means of getting a revitalized leadership in the economic arena.

Equality of opportunity was his constant theme - legal, political, educational, social. He thought our society had achieved this to a greater degree than any other society, but he wasn't satisfied. He said every action of government should be helped up against the yardstick of equality of opportunity.

All of his approaches reflected this optimistic view that man could rationally deal with new problems without sacrificing his civil liberties, without sacrificing his individuality, without being submerged into a large state.