

# The First New Dealer

by Murray N. Rothbard

Americans who grew up before World War II remember Herbert Clark Hoover as the most reviled man in public life. Whenever any of the New Deal's court historians or writers tackled the history of the 1930s, the country was treated to a thoroughly Manichean interpretation of that epoch. The more historians and publicists worshipped and adored the greatness and the majesty of Franklin Roosevelt, the more they scorned his predecessor as the dour man in the high collar who tried but failed to thwart the nation's ascension to paradise. Just as Roosevelt was hailed as the compassionate friend of the common man who brought the new order of government control and planning to America, so Herbert Hoover stood in the dock as the last representative of the bad, uncaring old order of individualism and laissez-faire. Their very images seemed to symbolize their respective ideologies: Hoover, terse, unsmiling, outmoded; Roosevelt, the affable patrician with the mellifluous voice.

In the rush of intellectuals and scholars to embrace New Deal liberalism during and after the 1930s, it seemed that there was no one to even attempt to redress the imbalance. Apart from the maverick journalist [John T. Flynn](#), there was no historian to treat FDR as anything less than (as H.L. Mencken said of Woodrow Wilson) a candidate for the first vacancy in the Trinity. As for Hoover, his defense was entrusted to a devoted crew of old reliable aides and hagiographers who would cluster around his suite in the Waldorf Towers, refer to him as "The Chief," and laud his infinite wisdom, sagacity, and lovability. Ironically, by insisting on Hoover's undying faith in individualism and voluntarism, and his opposition to the New Deal, this group of conservatives reinforced the myth propounded by Hoover's New Deal enemies.

To his credit, Hoover himself never claimed to be an exponent of laissez-faire. Indeed, at every Republican convention until his death the old man would be trotted out to give a speech that no one ever bothered to listen to: In this speech Hoover would insist that he himself was the father of numerous measures the New Deal got credit for, and he would proudly go through the list. But everyone, friend and foe alike, was too busy making myths to hear him.

There was little that historians could do to penetrate this fog, however, until Hoover's papers were released to the scholarly public in the 1970s. Before that, only friends and loyalists authorized by Hoover could do much work on his biography. But even under this considerable handicap, the light of historical truth began to penetrate the mists of the Hoover legend. Apart from such journalists of the day as Flynn and Walter Lippmann, the first historian to revise the legend was the economist Benjamin M. Anderson, who, in 1949, wrote a trenchant economic history of the interwar period, *Economics and the Public Welfare*. Anderson pointed out that, far from being the last embattled defender of laissez-faire, Herbert Hoover founded the New Deal in virtually all of its aspects.

But Anderson went unread. Partly because much of his treatment was a personal memoir, more because he himself was an advocate of laissez-faire, he was not read by economists; as an economist he was, of course, not read by historians.

In the 1960s, however, the fresh and bracing air of New Left historiography began to hit the historical profession. Led, as in so many other areas, by William Appleman Williams, these historians pointed out, from their own particular perspective, that Hoover originated the New Deal and that he had in fact been one of the leading pioneers of the corporate state in America. Actually, to the New Left, disenchanted with the welfare-warfare state built by the New Deal, Hoover's relative voluntarism and reluctance to enlist in the great crusades of World War II and the Cold War looked pretty good in comparison. Thus, in what they took to be Hoover's emphasis on cooperation among private associations, these historians began to see a more congenial role model than in the aggressively centralist big government constructed by FDR and his successors.

Since the mid-1960s, historians have been able to transcend the fierce partisanship of the first wave of Hoover studies, and they have been greatly aided in this task by the opening of the Hoover papers. We have had the thorough and insightful researches of Ellis W. Rawley, and, in 1975, the first full-length biography of Hoover to use the released papers, Joan Hoff Wilson's *Herbert Hoover: The Forgotten Progressive*.

Despite the bitter-end opposition of a few New Deal stalwarts, the revisionist view of Hoover has pretty well swept the historical profession. It is now firmly established that, far from being the last of the laissez-faire individualists, Hoover was an ardent progressive and the originator of the New Deal.

In all his years in public office – from his post as autocratic food administrator in World War I through his service as secretary of commerce under Harding and Coolidge and then as President – Herbert Hoover pushed for a corporate state system of cartelized associations in industry and agriculture, all enforced, governed, and coordinated by big government. Before the great depression struck, Hoover vowed that in any such economic crisis, he would immediately

deploy the massive powers of government to end it. He put that vow into effect as soon as the stock market crashed in October 1929, and he invoked every measure that would become even more visible in the New Deal: propped-up wage rates, massive public works, heavy federal deficits, huge federal loans to shaky businesses, unemployment relief, inflationary monetary policies, etc. There was no need for FDR to install a farm price support program to combat the Depression; Hoover had already carried out his pledge to the farm bloc to establish one as a permanent fixture of the economic scene, a fixture that would generate huge and unusable food surpluses in the midst of starvation.

The major differences in current Hoover studies are over the significance of his much-trumpeted "voluntarism." How different was it from the overt coercion exercised by the later New Deal? The answer is, not very much. Hoover's voluntarism was essentially a rhetorical gimmick, designed to cloak governmental coercion in a sentiment more suited to traditional American values. Hoover pioneered in one form of voluntarism in his days as World War I food czar, when he mobilized volunteer citizens' groups to snoop on neighborhood stores to enforce his price control decrees. Roosevelt's NRA built on this tradition by forcing every store put a blue eagle symbol on its window and then recruiting neighborhood groups to help in the enforcement.

Another example of Hooverian voluntarism came right after the crash. Leaders of industry and finance were corralled into private White House conferences in which Hoover told them they had to act "voluntarily" to keep up wage rates even if profits should collapse, warning that if they failed to obey he would get Congress to force compliance. Hoover's form of voluntarism, in short, was much like the age-old system the army uses to recruit "volunteers" for unwanted jobs.

David Burner's new biography of Hoover is unquestionably the best and most thorough to date. Although it only goes up to 1933, it covers all of Hoover's official public life and therefore the most important years. It is impressively researched. In particular, it provides the only full account in print of Hoover's entrepreneurial years before he emerged as a public figure in 1914. This was a period of much sharp practice quickly glossed over in Hoover's egregiously self-serving *Memoirs* and neglected heretofore by biographers.

There are numerous problems with this book, however, and the definitive Hoover biography remains to be written. Burner's viewpoint is very moderately revisionist, and moderately sympathetic toward his subject; as a result the analysis is bland and fuzzy, and the carefully judicious tone is scarcely calculated to fire the interest of the reader. And since Burner's economic insight is minimal, he often does not know what to look for, or gets confused along the way.

Thus, in creating the Federal Farm Board, the precursor of New Deal schemes to prop up farm prices, Hoover appointed leading farm group representatives to the board, and named Alexander Legge, head of

International Harvester, as its chairman. To Burner this was an anomaly, and he writes in some wonderment of the altruism Legge displayed in his new job: "Although he was an important businessman, Legge's sympathy lay with the farmers," and he pushed aggressively for farm price supports. The fact that International Harvester was the country's largest manufacturer of farm machinery and therefore benefited from these supports does not seem to register with Burner.

Historians trying to justify their image of Hoover as a "voluntarist" have a difficult time explaining his role as secretary of commerce in driving through the Radio Act of 1927, which nationalized the airwaves and set up a Federal Radio Commission. This commission – which later became the FCC – had the right to assign and license frequencies, in this way establishing a powerful censorship over radio and later over television. The usual excuse for this crucial piece of statism is the one given by Hoover himself: There would have been a "chaos" of stations interfering with one another if the airwaves had remained in private hands.

Yet Hoover then, and almost all historians since, ignore the fact that the courts were rapidly reducing such chaos by establishing common law "homesteading" property rights in the airwaves for whichever station first used a given frequency in a given geographical area. In fact, it was precisely because the courts *were* adopting such a homesteading position (especially in *Tribune Co. v. Oak Leaves Broadcasting Station*, Cir. Ct., Cook County, Ill., 1926) that Hoover rushed to push through the Radio Act to prevent private rights from being established.

How does Burner handle this complex and highly important question? He does it in one paragraph. He begins by pointing out that Hoover as secretary of commerce held four annual government-industry conferences on radio regulation, and "cooperated" with industry by setting up a commercial wireless news service. He then notes the illuminating fact that Hoover worked closely with his old friend Owen D. Young, head of the Morgan-affiliated General Electric Company, to rush through "the completion" of national radio networks.

Burner could have used this fact to explain Hoover's promoting the Radio Act as a way of preventing free competition and of cartelizing radio by imposing national networks. But no. Instead, he proceeds to create confusion all around, first by claiming that Hoover "did not want the new instrument of communication in the hands of the government" and that instead he wanted industry "to regulate itself"; and then by writing in the next sentence that "the Radio Act of 1927 established ultimate public ownership and limited regulation of the airwaves" and neglecting to point out that the driving force in passing the Radio Act was Herbert Hoover. Nor does Burner so much as mention the Illinois court case nor the researches of Ronald H. Coase that brought it to light.

It becomes even more difficult to maintain a pro-Hoover stance when faced with the role of the "Great Humanitarian" (as he liked to be

called) in starving post-World War I Europe, where he served as American relief administrator and President Wilson's proconsul: He threatened to and actually did withhold food from starving countries that failed to adopt the centrist governments demanded by Wilson, using food as a weapon against "reactionary monarchist" as well as Bolshevik or radical regimes.

Burner preserves his admiration for Hoover by minimizing the importance or extent of such practices. Thus, Hoover's forcing of the Polish-American pianist Ignace Paderewski on the Pilsudski government as premier of Poland is disposed of in a few mealy-mouthed sentences. Burner doesn't mention that Hoover did so because Pilsudski was a revolutionary socialist and Paderewski and his cabinet were Wilsonian tools; nor does he mention that Hoover won his way by threatening to withhold food from that starving country if the Poles did not accept Paderewski. And Burner says not one word about the dramatic saga in which Hoover employed Allied warships to crush the revolutionary Bolshevik government in Riga, and to impose upon Latvia the government of a particular Hoover favorite, Karlis Ulmanis, who in the thirties was to come to power again by a *coup d'état* and to impose a fascist regime.

Finally, we come, as in so many other areas of modern American historiography, to Arthur M. Schlesinger, Jr. Reviewing the Burner book in the august pages of the *New York Review of Books* (March 8, 1979), this dean of ultra-New Deal historians does not presume to stick to the old line that Herbert Hoover was a paladin of laissez-faire. (But he does refer to the recent work of the last of the bitter-enders, Elliott Rosen, in typical terms as "stimulating and combative.") Instead, Schlesinger performs a shrewd salvaging operation, in two parts. First, he plays up the associative and supposedly "voluntary" parts of Hoover's cartelizing program. Thus he stresses Hoover's one veto of a government dam while ignoring all of his previous encouragement and support for such dams. And second, he claims that while Hoover may have been some sort of corporatist, Schlesinger's hero Franklin Roosevelt was not a corporatist or cartelist at all.

Heavens, no: Instead of the "business syndicalism of which Hoover dreamed," opines Schlesinger, Roosevelt took us into "a system of democratic control based on law." And so, when the National Recovery Administration (NRA) and the Agricultural Adjustment Administration (AAA) demanded by the higher business circles brought us the fully cartelized corporate state, and when World War II entrenched the military-industrial complex in permanent control of American life, there was nothing left to do but cheer. After all, we are the government, aren't we? It was elected by the people, wasn't it? Despite his seeming sophistication and the cleverness of his rescue operation, it's clear that in the ultimate analysis Arthur Schlesinger, like the Bourbons, learned nothing and forgot nothing.

If Hoover was the real founder of the New Deal, how did he come by his reputation as champion of laissez-faire? Because, like so many other pioneers of revolutions, Hoover was overtaken and cast adrift by

the speed and extent of the changes that occurred. All his life, Herbert Hoover had pushed for cartelization of industry promoted and coordinated by government. But in 1932, in the depths of the Depression, business leaders began to call for an accelerated and more thorough revolutionary change in this direction than Hoover was willing to accept. What they wanted was the NRA, a plan that was simply too coercive and too candidly statist for Hoover's taste. The times were such that business leaders could no longer be content with the Hooverian trappings of voluntarism. When Henry I. Harriman, head of the U.S. Chamber of Commerce, came to Hoover and said that big business would support Roosevelt in the election if Hoover did not accept what would later become the NRA, Hoover astonished many of his progressive supporters by drawing back in horror, rejecting it, and calling it "fascism."

Edging back from an abyss that was to a great extent his own creation was perhaps Herbert Hoover's finest hour. But this trauma did not, alas, bring him any awareness of the logical consequences of what he himself had wrought. For the rest of his life, Hoover believed that all of what he had done to take us down the corporate-state road was wise and justified to the last iota, but that Roosevelt had gone too far in some respects. Hence much of the confusion about Hoover on the part of both the public and the historians. Even though our knowledge of Herbert Hoover has come very far since this confusion first arose, he still awaits his definitive biographer.