

## Herbert Clark Hoover: A Reconsideration

di Murray N. Rothbard

The American people have been subjected to a battery of political and historical myths; of these one of the most virulent has been the Hoover Myth. During the Great Depression, the Democrats held Herbert Hoover aloft as the wretched symbol of poverty and iniquity; but with the passing of the Depression, new times and new issues evaporated the old Democratic antagonism. The field was thereby cleared for the Hoover hagiographers, who have rushed in, unopposed (to paraphrase Mencken's immortal comment on the Woodrow Wilson idolators), to nominate Herbert Clark Hoover for the first vacancy in the Trinity. We have been regaled ad infinitum with the wisdom, the individualism, the sagacity, the lovability, and the glory of Herbert Hoover; and we have countless times been instructed on the horrors of the smear campaign waged against him by Charlie Michelson and the Democratic National Committee during his Administration. Throughout the Right-wing, numberless pilgrimages were made to Hoover's suite in the Waldorf Towers, and countless Right-wingers have been honored to refer to him as "The Chief." It is high time to redress the balance.

The hand-wringing over the Michelson smear campaign may be disposed of at the start. Any public official, any politician, must expect to be subject to vigorous attacks, some justified, some not. Every president since Washington has been subjected to such attacks, and thus the public has been kept alert and vigilant to possible error and wrongdoing. Why should Hoover enjoy a special exemption from criticism? It is curious to see the same people who distributed with zeal and relish *A Texan Looks at Lyndon* bewail the tragedy of Hoover's ordeal. Despite the repeated harangues of his idolators that Hoover was not a "politician" and should therefore not have been treated as such, Hoover *was* a politician and cannot be allowed to escape the responsibility for his chosen profession.

The mystery of Herbert Hoover begins, not in 1928 or 1932, but in 1919, when he was boomed for the *Democratic* nomination for the Presidency by such left-wing Democrats as Louis Brandeis, Herbert Croly, Ray Stannard Baker, Colonel Edward Mandell House, and Franklin D. Roosevelt. Yet, less than two years later, the Left-wing of the Republican Party was able to force Hoover on a reluctant Harding as a Secretary of Commerce whose powers had been vastly enlarged. What manner of man was this to be so beloved by *both* parties? It might be said that Hoover's greatness or goodness was so evident as to lead to his being courted by both parties; but to the wiser and more skeptical this story is suspiciously familiar. If a hard-core member of the Establishment may be defined as someone who somehow manages to land in a high government post whichever party is in power, Herbert Hoover may be considered to be the first *ur*-Establishment man of modern American politics.

It must be noted at the outset that any definitive study of Hoover at this point in time is almost impossible, but the blame for this situation must lie largely with Hoover himself. Hoover never released his papers for study by the scholarly public; hence the only information about his career has come from Hoover's own *Memoirs*—almost unbearably self-righteous and free from acknowledgment of error, *even* for political memoirs—and from Hoover's friends and supporters. As a result, critics have been discouraged from writing about Hoover, and we are left with a flood of worshippers, none of whom acknowledges a single error or flaw in their hero. Franklin D. Roosevelt, at least, had his John T. Flynn; where is Hoover's?

One significant example will give much of the flavor of the Hoover reminiscences. Hoover's recent book on Woodrow Wilson in the war and post-war years of World War I is almost as worshipful of Wilson as recent biographies have been of Hoover; or, rather, the book is a series of paeans to Wilson by Hoover, interspersed with paeans to Hoover by Wilson. Virtually the only act of

Wilson's disapproval by Hoover was his famous call for a Democratic Congress in 1918, a call that angered the American public in its repudiation of the Wilsonian Republicans (such as Hoover) who had joined ardently in the war policy. Naturally, Hoover was shocked at this brusque slap at Republicans who had subordinated themselves to Mr. Wilson's war. How did Hoover react? In his book, he registers his sharp disapproval of the Wilson appeal; and yet, at the time, Hoover not only did *not* attack the Wilson plea; instead, he publicly rallied to the President's support, understandably angering Republicans in the process. Hoover states:

"Deeply as I believed that this appeal was a mistake and a wholly unwarranted reflection on many good men, . . . I addressed a letter to . . . a Republican friend, in which I supported the President's appeal for a Congress favorable to him. I did so because I believed that the President's hand in the Treaty negotiations would be greatly weakened if the election went against him. The publication of this letter created a storm around my head. The Chairman of the Republican National Committee denounced me violently." [1](#)

There is no hint of apology, no hint of remorse for Hoover's act; instead, there is, characteristically, only the proud reference to Woodrow Wilson's praise of Hoover's deed:

"My dear Hoover: Your letter . . . has touched me very deeply, and I want you to know not only how proud I am to have your endorsement and your backing given in such generous fashion, but also what serious importance I attach to it, for I have learned to value your judgment and have the greatest trust in all your moral reactions..." [2](#)

And that is *all* of Hoover's reference to the matter; for Herbert Clark Hoover, at least, wrapped securely in the mantle of morality and the enthusiasm of Woodrow Wilson, the case is closed.

The Herbert Hoover story begins in 1899, when Hoover, a very young mining engineer and manager, was sent to China by his employers, the London mine consulting firm of Bewick, Moreing and Co. It is fitting that Herbert Hoover launched his career in enterprise, not on the free market, but in the midst of a mercantilistic struggle among claimants for mixed governmental and private property. Moreing had joined forces with a wily operator and recipient of special privilege in China, one Chang Yen Mao, who conveniently held the simultaneous posts of head of the Chinese Bureau of Mines in two provinces, *and* head of the "private" Chinese Engineering and Mining Company. Hoover became Yang's deputy in managing the mines in *both* of Yang's capacities, public and private. Herbert Hoover emerged from years of competition among numerous foreign powers for the Chinese prize with the first leg up on his mining fortune.

The next years of Hoover's life, during which he built a multi-million dollar mining fortune, have not been generally detailed, and they are badly in need of scholarly work. Suffice it to say that Hoover's high qualities as a mining manager were undoubtedly primarily responsible for the amassing of the fortune, and enabled him to strike out on his own as an international mining consultant in 1908.

Hoover soon began to display the ignorance of economics and predilection for statism that was to mark his public career. In 1904, at the age of thirty, he informed the Transvaal Chamber of Commerce that he had achieved lower mining costs in Australia *because* labor had been paid higher wages; thus, Hoover had already adopted the egregious fallacy that wage rates are determined by the good or ill will of the employer rather than by the competitive market, *and* that high wage rates lead to greater efficiency and lower costs rather than the other way round. Four years later, Hoover reiterated these views, and, in his *Principles of Mining*, went further to embrace the institution of labor unions. Unions, he declaimed, "are normal and proper antidotes for unlimited capitalistic organization. . . . The time when the employer could ride roughshod over his labor is disappearing with the doctrine of '*laissez faire*' on which it is founded. The sooner the fact is recognized, the better for the employer."[3](#) He went on to challenge, in a neo-Marxist manner, the orthodox *laissez faire* view that labor is a "commodity" and that wages are to be governed by laws of supply and demand. It is not surprising that, in 1912, Herbert Hoover enthusiastically supported and voted for Theodore Roosevelt's Progressive Party, for Hoover had become the very model of an "enlightened" left-wing Republican, a man of the Establishment Superficially, his views might be

called “socialistic”; but it would be more precise to term them “mercantilist” or “state capitalist” or “monopoly capitalist,” for Hoover, like his fellow Establishment liberals then and since, was not about to abandon state power to a dictatorship of the proletariat or even to Fabian social workers.<sup>4</sup> In the house of statism there are many mansions.

By 1914, Herbert Hoover, having made a substantial fortune in mining, was eager to try his hand at “public service.” The First World War brought him his chance, and it was Hoover’s luck that the opportunities that came his way were such as to lend him that mantle of saintliness and advanced morality which he was always able to wrap around his political activities more snugly than most of his fellows.

When Belgium was occupied in the fall of 1914, a group of American businessmen resident in London and Brussels formed a Commission for the Relief of Belgium, and Hoover agreed to serve as its head. The massive relief effort to Belgium, continuing throughout the war, gained Hoover immense publicity, and “The Chief” and “The Great Engineer” had now become “The Great Humanitarian.” Actually, while it was no doubt admirable that Hoover and the group of wealthy American businessmen serving as his top aides accepted no compensation for their efforts, the operation was in no sense true charity. Neither was it really humanitarian and apolitical, as Hoover and its eulogists maintained.

In the first place, to be truly charity, aid must be voluntary and not compulsory; and yet the overwhelming bulk of contributions to Belgian relief came not from private citizens but from Western governments. Secondly, from the beginning the C.R.B. was tied in with governmental policy, particularly of the supposedly neutral American, and the definitely warring Belgian, governments. On the American side, Hugh Gibson, secretary of the American Legation at Brussels, was one of the main originators of this unusual Commission. Belgian officials were vital leaders of the whole operation, and the notoriously Anglophiliac Walter Hines Page, the American Ambassador to London, was strongly committed to the whole idea.

The curious point about the C.R.B., and one that highlights the spuriousness of its neutrality and divorce from politics, is the question, why Belgium? Why a massive relief program to Belgium (and Northern France), and none anywhere else in war-torn Europe? The evident answer is that the C.R.B. was conceived as an extremely clever device to focus the continuous attention of the American people on the supposedly unique sufferings of Belgium, and *thereby* to lead people to keep focussing on the allegedly heinous crime of Germany in warring against “poor little Belgium.” The “poor little Belgium” line was the main focal point of the mendacious propaganda of Great Britain, especially in sentimental and poorly-informed America, and it was undoubtedly instrumental in sucking America into perhaps the most senseless and ill-conceived war in which it has ever engaged. Certainly, it was a war with unprecedentedly bad consequences, for America and for Europe. As Walter Millis has put it:

“When the appeals for aid for the starving Belgians began to come in, offering a sudden practical outlet for the overwrought American emotions, the response was immediate—and the Allies found themselves in possession of still another incomparable propaganda weapon. That the relief of suffering could in any way compromise our neutrality hardly occurred to the Americans who poured out their contributions; but the Allied leaders understood very well that every request for funds in that cause was a conceded demonstration of German brutality and every answering . . . penny doing its part to cement the emotional alliance with the Entente Powers.” <sup>5</sup>

Of course, few Americans stopped to realize that the major cause of starvation in Belgium—and in the rest of Europe—was the brutal British blockade, which cut off even such non-contraband items as food from the people of the Continent.

The image of Herbert Hoover as an “isolationist” is as distorted as that of Hoover as an individualist. While apparently originally opposed to American entry into the war, by the Spring of 1917 Hoover had gone over to the pro-war camp, and sent Wilson a warm telegram of congratulations for his war message. Hoover promptly returned to the United States to take a

leading part in the “war socialism” which marked America and the leading European participants in World War I.

It is almost impossible to exaggerate the fateful consequences, for America and the world, of the collectivism and central planning engaged in by the leading countries in the First World War. Here was the watershed of our time; and here was the model of collectivism, in a great many of its features: for fascism and nazism; for the central planning of the early New Deal years and during World War II; and for the “military-industrial complex” of the present day. The totalitarian changes of our age began in the impact of World War I, and Herbert Hoover played a large part in their inception.

Being “The Great Humanitarian,” Hoover was appointed Food Administrator (also known as “Food Czar” or “Food Dictator”) by President Wilson. In accepting, Hoover insisted that he alone have full authority, unhampered by boards or commissions. So eager indeed was Hoover to get started that he set up the Food Administration illegally, several months before it was authorized by Congress. Hoover urged Wilson to set up single Czars in every field, and was also responsible for Wilson’s creation of the War Council, which served as the overall organ for the central planning of the economy.

Hoover’s food-control act imposed the strictest control of any area of war planning. As the historian of government price control in World War I put it, the act “was the most important measure for controlling prices which the United States took during the war or had ever taken.”<sup>6</sup> The measure set the pattern for twentieth century American collectivism: Behind a facade of demagoguery about the necessity for keeping prices down and regulating business, the Federal government organized a gigantic cartellizing program to keep prices *up* and “stabilize” business under the guidance of government. Thus, the masses would come to think of the Federal government as their proconsul in control of business, while in reality it was the servant of those business interests who wanted monopoly privilege and a quieter life against the rigors of a competitive market.

Two outstanding examples were the Hoover wheat and sugar control programs during World War I. Wheat price control was organized as a result of propaganda that the government must step in to see that wicked “speculators” did not push the price too high; but somehow, the government never got around to fixing maximum prices; instead the prices it fixed were *minima*, and these minima were systematically pushed higher in order to maintain the bloated wartime wheat prices after the end of the war. The method of such control was through a gigantic licensing system, under which every food manufacturer and dealer had to be licensed—and to keep its license—from the Federal government. Profits were guaranteed at “reasonable” amounts by fixing cost-plus margins, and any overly greedy competitor who dared to raise his profits above pre-war levels by cutting his prices were severely cracked down on. Hoover organized a Grain Corporation, “headed by practical grain men,” which purchased most of the wheat in the country and sold it to the flour mills, all the while undertaking to guarantee millers against loss, and to maintain the relative position of all the mills in the industry. Wilson and Hoover also kept the industry happy by requiring all bakers to mix inferior products with wheat flour at a fixed ratio, something which the bakers were of course happy to do since they were assured that all their competitors were being forced to do likewise. All this was initiated in the name of “conserving” wheat for the war effort.

The fiercely-conducted drive to keep down sugar prices, in contrast, was far more sincere—sincere because the raw sugar came largely from Cuba, and the sugar *refiners* were in the United States and other allied countries. The fact that increased sugar demand *should* have raised sugar prices by the workings of the free market made no impression on the sugar refining interests or on the Allied governments. Hoover and the governments of the Allies therefore organized an International Sugar Committee, which undertook to buy all of the sugar demanded in those nations at an artificially low price, and then to allocate the sugar, in the manner of a giant cartel, to the various refiners. On the other hand, of course, the price of sugar could not be forced *too* low, since then the marginal American cane and beet sugar producers would not be getting their divinely-appointed “fair return.” Therefore, the Federal government set up the Sugar Equalization Board to keep the price of sugar

low to the Cuban producers while keeping it high enough to the American sugar refiners; the Board would buy the Cuban sugar at the low price and then resell at the agreed-upon higher price. Since an excessively low price of sugar would have caused high public consumption, production was directly ordered to be cut, and consumption by the public was severely rationed.

The food industry, as well as other industries in the Wilson-Baruch program of war collectivism, were delighted with the cartellizing and “stabilizing” (part of which was accomplished by enforcing compulsory standardization of parts and tools, a standardization which eliminated many small specialty businesses in machine tool and other industries, and forced production into a smaller number or bigger firms). Thus, Hoover

“. . . maintained, as a cardinal policy from the beginning, a very close and intimate contact with the trade. The men, whom he chose to head his various commodity sections and responsible positions, were in a large measure tradesmen. . . . The determination of policies of control within each branch of the food industry was made in conference with the tradesmen of that branch, meeting at intervals in Washington. It might be said . . . that the framework of food control, as of raw material control, was built upon agreements with the trade. The enforcement of the agreements once made, moreover, was intrusted in part to the cooperation of constituted trade organizations. The industry itself was made to feel responsible for the enforcement of all rules and regulations.” [7](#)

During his long reign as Secretary of Commerce in the 1920’s, Herbert Hoover carried forth the principles of advancing governmental cartellization of business, production was restricted and cartellized as much as possible by appeals to “elimination of waste,” trade associations of business were promoted, export industries were encouraged and promoted abroad, “standardization” was furthered. It was this encouragement of industrial self-regulation, with the governmental mailed fist kept in the background to crack down on the maverick competitor, that launched the characteristic Hoover emphasis on “voluntary” action, and that enabled him to establish specious distinctions later between his own “voluntary” program and the compulsory measures of FDR. Also typical of Hoover’s “voluntarism” was heavy emphasis on propagandizing the public. Thus, in his program as Food Czar in the First World War:

“The basis of all efforts toward control exercised by the Food Administration was the educational work which preceded and accompanied its measures of conservation and regulation. Mr. Hoover was committed thoroughly to the idea that the most effective method to control foods was to set every man, woman, and child in the country at the business of saving food. . . . The country was literally strewn with millions of pamphlets and leaflets designed to educate the people to the food situation. No war board at Washington was advertised as widely as the United States Food Administration. There were Food Administration insignia for the coat lapel, store window, the restaurant, the train, and the home. A real stigma was placed upon the person who was not loyal to Food Administration edicts through pressure by schools, churches, women’s clubs, public libraries, merchants’ associations, fraternal organizations, and other social groups.” [8](#)

Perhaps Herbert Hoover’s outstanding “accomplishment” as Secretary of Commerce was to impose socialism on the radio industry. Even though the courts were working out a satisfactory system, based on private property rights in radio frequencies—under which one frequency owner could not interfere in the radio signals of another [9](#)—Hoover by sheer administrative fiat and the drumming up of “voluntary cooperation” was able to control and dictate to the radio industry and keep the airwaves nationalized until he could secure passage of the Radio Act of 1927. The act established the government as inalienable owner of the airwaves, the uses of which were then granted to designated licensed favorites, the favorites being kept in line by the Federal Radio Commission’s unchallenged control of the licensing power. If private “squatters’ rights” had been permitted in radio (and subsequently in television) frequencies, we would have had a genuinely free press in the airwaves. As it is, we have had an air medium totally regulated and integrated into the Federal Establishment. More than anyone else we have Herbert Hoover to thank for government ownership and regulation of radio and television.

Hoover was also the first great proponent of Federal dams, and was the initiator of the Grand Coulee, Hoover Dam, and Muscle Shoals projects. Improvement of navigation or reclamation was to be at the expense of the taxpayer and of the flooded private property owners, for the benefit of the recipients of cheap water and cheap power. Hoover was insistent, however, that the Federal government should not *itself* go into the power business; instead, it should thoughtfully build the plants and then *lease* them to private enterprise. Here is another example of state monopoly capitalism: the active use of the Federal government to promote monopoly and subsidize privilege. Undoubtedly the single most collectivist and despotic governmental action during the ascendancy of Herbert Hoover was Prohibition. It is characteristic of Herbert Hoover that he was one of Prohibition's most ardent supporters. Prohibition, of course, should be quite congenial to modern conservatism. All the arguments for prohibition of narcotics and gambling apply here too: Statistics show that people under the influence of liquor commit more crimes; let a workingman spend his money on liquor and he will become attached to it and waste his money there rather than spend it on nourishing and wholesome food for his children, etc.

Hoover acted in all this like a typical conservative, i. e., glorifying the State and its sacrosanct Laws over the liberty of the individual. His definitive statement on Prohibition as a whole: "Our country has deliberately undertaken a great social and economic experiment, noble in motive and far-reaching in purpose. It must be worked out constructively."<sup>10</sup> Whereas the only way to break down Prohibition was to destroy its enforcement, Hoover maintained that violation of one law destroys respect for all laws, and greatly expanded the nefarious institution of the Federal Prohibition Agent, attempting to make him incorruptible. To the very last, Hoover stood fast for the "noble experiment."

As befitting one of the major leaders in the twentieth century drive for replacing quasi-laissez faire by a tightly controlled and cartellized system, Herbert Hoover favored trade unionism, and the dragooning of the worker into large, "responsible" unions that could be integrated into the New Order. Thus, during 1919/20, Hoover directed for President Wilson a Federal conference on labor-management relations. Under Hoover's aegis, the conference, which included "forward looking" industrialists such as Julius Rosenwald, Oscar Straus, and Owen D. Young, as well as labor leaders and economists, adopted Hoover's recommendations, wider collective bargaining, attacks on company unions, abolition of child labor, national old-age insurance, and government arbitration boards for labor disputes. In 1920, Hoover arranged a meeting of leading industrialists of "advanced views" to try to persuade them to tie in more closely with the American Federation of Labor; Hoover, incidentally, was always close to the A.F.L. leadership.

Hoover committed two striking acts of pro-union interventionism during the 1920's. One was his movements against the steel industry: Steel was operating on a twelve hour day, and groups of Social Gospel ministers suddenly found Biblical sanction for the alleged immorality of any working day over eight hours. Hoover assumed the mantle of evangelical *cum* secular power to force steel to grant an eight hour day. Conducting a skilful propaganda campaign, Hoover induced President Harding to launch several bitter attacks on the steel industry. Finally, in June 1923, Hoover wrote a letter for President Harding to send to Judge Gary of U.S. Steel, sternly chastising the steel companies. This Presidential pressure turned the tide and forced the steel companies to capitulate.

Hoover also played a large role in helping to bring about the compulsory unionization of the railroad industry, and did so long before the Wagner Act. The railroad unions had waxed fat as a result of Federal government favoritism during World War I, when the government had temporarily nationalized the railroads (the government operated the roads, and the old owners reaped the profits which the government turned over to them). During the severe (though short-lived) depression of 1921, the railroads asked for wage cuts, and the unions angrily hit back by calling a nation-wide strike. When Attorney General Daugherty acted to preserve person and property by obtaining an injunction against union violence, Herbert Hoover, winning Secretary of State Hughes to his side, persuaded the weak-willed Harding to withdraw the injunction.

Despite Hoover's actions, the unions lost the strike, and so they decided to use the power of Federal coercion to establish themselves in the industry. They finally achieved this goal in the Railway Labor Act of 1926, which guaranteed compulsory unionism (collective bargaining for all) to the railway unions, and imposed compulsory arbitration. Most of the railroads went along with the plan because railroad strikes were now outlawed; but the bill was drafted by union lawyers Donald Richberg and David E. Lilienthal, *and* by Herbert Hoover.

Hoover was also the victim of a terribly inadequate grasp of economics, leading him to accept the popular "new economics" of the 1920's.<sup>11</sup> The "new economics" stood economics on its head, whereas economics saw that high wage rates in prosperous countries came about as a *result* of capital investment and high productivity, the "new" thinkers concluded that American prosperity had come about *because* employers paid high wage rates. In reality, the market determines wages, and not the goodheartedness or the wisdom of the employer. The employer in modern India who decided, out of the goodness of his heart and/or from reading economic nonsense peddled by Hoover or old Henry Ford, to triple his wage payments would quickly find himself bankrupt. Hoover deduced from this the union slogan that during depressions the worst thing that could happen was lower wage rates. It was this lowering that helped wipe out unemployment and end previous depressions relatively quickly; and it was Hoover's personal use of the mailed fist in the velvet glove to *prevent* such lowering that kept wage rates increasingly and disastrously above market wages during the years 1929-33. This intervention insured that the Depression could not be relieved by natural market forces, or unemployment be lowered from disastrous Depression-born levels.

It was indeed as a depression-fighter that the nation came to know Herbert Hoover best. In all previous depressions, the Federal government had pursued a laissez faire attitude, keeping hands off and letting market forces bring about recovery quickly; and the recovery always came, no matter how steep the depression at the start.<sup>12</sup> But Hoover had long determined that *he* was not going to pursue such a "reactionary, Neanderthal" course. He would rush in, to plan, to inflate, to push up wages and prices and insure purchasing power. He had determined that he would *plan*, that he would use the full resources of government, all the modern tools of the new economics, to push the economy out of the Depression. And he did just that, except that the results were not quite what the Great Engineer had anticipated.

In pushing through his program, Herbert Hoover created virtually all the lineaments of the New Deal; the New Deal was in fact Herbert Hoover's creation, and historians, now removed from the partisan squabbles of the New Deal period, are increasingly coming to recognize this fact. Massive public works programs, government relief, inflation and cheap money on a grand scale, government deficits, higher taxes, government loans to shaky businesses, farm price supports, propping up of wage rates, monopolizing the oil industry and restricting production, war against the stock market and stock speculation—all these crucial facets of the New Deal program were launched *con brio* by President Hoover.<sup>13</sup>

Hoover's method of forcing wage rates to remain high was typical of his pseudo-"voluntarism." He lost no time; as soon as the stock market crash broke, Hoover, in November 1929, called all the major industrialists to the White House and told them that they must pledge to keep wage rates up; that, whatever happened, the brunt of the Depression must fall on profits, not wages. This is precisely what did happen; wages were bravely kept up, especially in the larger firms, profits collapsed, and losses, bankruptcies, and mass unemployment ensued and remained unresolved. Since prices continued to fall, fixed wage rates meant that *real* wages (in terms of purchasing power) rose, aggravating the unemployment problem still further. Only in the small firms, hidden from public view, could quiet and secret wage cuts be agreed upon, and the workers continue to be employed. This was indeed the first severe depression in history in which real wage rates *rose* rather than fell: with the result that the Depression was intensified and rendered quasi-permanent. Even when wage cuts finally came, hesitantly, after several years of steep depression, they were so designed as to have little effect. For "humanitarian" reasons, they were largely put through in the

higher income brackets and among executives: this, of course, could have little effect in stimulating employment where it was needed: among the lower-income, rank-and-file workers.

Addressing the White House conference, Hoover described his wage-floor agreements as an “. . . advance in the whole conception of the relationship of businesses to public welfare. You represent the business of the United States, undertaking through your own voluntary action to contribute something very definite to the advancement of stability and progress in our economic life. This is a far cry from the arbitrary and dog-eat-dog attitude of the business world of some thirty or forty years ago.” [14](#)

The American Federation of Labor was ecstatic over this new era in combatting depressions: “The President’s conference has given industrial leaders a new sense of their responsibilities. . . . Never before have they been called upon to act together. . . .” The United States, it proclaimed, would “go down in history as the creator of [an] . . . epoch in the march of civilization—high wages.” [15](#)

One of the most irritating facets of Herbert Hoover was his unshakable conviction that he had never committed a serious mistake. He had entered the White House at the peak of economic prosperity; he had left it, after a new departure in economic planning, in the midst of the most intense and long-lasting depression the United States had ever known. Yet not once, either then or later, did Herbert Hoover falter in his absolute conviction that his every act was precisely what should have been done. In his acceptance speech for renomination, Hoover proclaimed:

“We might have done nothing. That would have been utter ruin. Instead, we met the situation with proposals to private business and to Congress of the most gigantic program of economic defense and counterattack ever evolved in the history of the Republic. We put it into action.” [16](#)

Indeed he did, and “utter ruin” was precisely the result. Yet never once did Hoover falter in his attacks against all criticism, from left or right. Neither was this simply campaign oratory, for never once in his later years, when he was considered by friend and foe alike as a living symbol of *laissez faire*, did Herbert Hoover fail to look back upon every one of his disastrous deeds, from fighting the Depression to bolstering Prohibition, without finding them right and good. Every four years, Hoover could be depended upon to issue a campaign manifesto proving proudly and conclusively that the Republican Administrations, far from being exemplars of *laissez faire*, pioneered in the burgeoning statism of the twentieth century.

There seem to be several important lessons embedded in the story of the Hoover myth. One, of course, is the great dimensions of the myth, of the total misinterpretation, on all sides, of the Hoover record. Far from being a libertarian, Hoover was a statist par excellence, in economics and in morals; and his only difference from FDR was one of degree, not of kind: FDR only built upon the foundations laid by Hoover. Secondly, the very pervasiveness of the myth poses some sharp questions about the Right-wing that has so earnestly fostered it. There can be only two explanations of this phenomenon: Either the Right-wing shows itself monumental in stupidity, by mistaking statism for *laissez faire*; and/or, more significantly, the Right-wing’s professed devotion to free enterprise and the free market is only rhetorical, and it will cheerfully welcome a statism slanted in typically conservative directions. A third lesson is that anyone genuinely devoted to freedom and the free market must, once and for all, discard the whole putrescent world-view of the unique diabolism of Franklin Roosevelt and his New Deal. The plain fact is that the New Deal was rooted far back in the past, in the Hoover Administration, and further back into the Progressive period and beyond. Genuine believers in freedom and a free market must cease to regard the American system as having been a grand and splendid one until an unaccountable break came in the 1930’s. They have to realize that they must be far more “radical” than they have ever remotely conceived.

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## Notes

[\[1\]](#) H. Hoover, *The Ordeal of Woodrow Wilson* (New York: McGraw-Hill, 1958), p. 17.



[2] *Ibid.*

[3] *Principles of Mining* (New York: McGraw-Hill, 1909), pp. 167-68.

[4] This, of course, has nothing to do with the attempt of such “libertarian Trotskyites” as Tony Cliff and Raya Dunayevskaya to dub the Soviet Union “state capitalist,” which is true only in the jejune sense that under socialism the state is the owner of the country’s capital. On the contrary, the term is most aptly used to describe the mercantilist, interventionist policies of modern capitalist countries, and to distinguish them from socialism.

[5] W. Millis, *Road to War* (Boston: Houghton Mifflin, 1935), pp. 73-74. Also see H. C. Peterson, *Propaganda for War* (Norman, Okla.: Oklahoma University Press, 1939), p. 66.

[6] P. W. Garrett, *Government Control Over Prices* (Washington, D. C.: Government Printing Office, 1920), p. 42.

[7] *Ibid.*, pp. 55-56.

[8] *Ibid.*

[9] See R. H. Coase, “The Federal Communications Commission,” *The Journal of Law and Economics*, II (Oct. 1959), 30-31.

[10] *Memoirs* (New York: Macmillan, 1952), Vol. II, p. 201.

[11] This movement is not to be confused with the Keynesian “new economics” of the 1930’s.

[12] The government’s key role in *producing* depressions in the past is a question which cannot be gone into here. For a discussion of this aspect of the problem, see M. N. Rothbard, *America’s Great Depression* (Princeton, N. J.: Van Nostrand, 1963), Part I.

[13] For a more extensive discussion and analysis of the Hoover New Deal, see *ibid.*, Part III.

[14] W. S. Myers and W. H. Newton, *The Hoover Administration* (New York: Scribners, 1936), p. 34.

[15] *The American Federationist* (March 1930), p. 344.

[16] E. Lyons, *Herbert Hoover, A Biography* (New York: Doubleday, 1964), p. 300.