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CHAPTER 11

Herbert Hoover and the Crisis of American Individualism

The test of the rightfulness of our decisions must be
whether we have sustained and advanced . . .

prosperity.

—HERBERT HOOVER

*from The American
Political Tradition,*

Richard H. Stodder

In the autumn of 1919 John Maynard Keynes, out of his disgust and bitterness with the terms of the Versailles Treaty, wrote a devastating book, *The Economic Consequences of the Peace*. Keynes's judgments of the peacemakers were severe, but concerning one, Herbert Hoover, he wrote:

Mr. Hoover was the only man who emerged from the ordeal of Paris with an enhanced reputation. This complex personality, with his habitual air of weary Titan (or, as others might put it, of exhausted prize-fighter), his eyes steadily fixed on the true and essential facts of the European situation, imported into the Councils of Paris, when he took part in them, precisely that atmosphere of reality, knowledge, magnanimity, and disinterestedness which, if they had been found in other quarters also, would have given us the Good Peace.

Of the work that had been carried out during the first six months of that year by the American Relief Administration under Hoover's direction, Keynes said:

Never was a nobler work of disinterested goodwill carried through with more tenacity and sincerity and

skill, and with less thanks either asked or given. The ungrateful Governments of Europe owe much more to the statesmanship and insight of Mr. Hoover and his band of American workers than they have yet appreciated or will ever acknowledge. The American Relief Commission, and they only, saw the European position during those months in its true perspective and felt towards it as men should. It was their efforts, their energy, and the American resources placed by the President at their disposal, often acting in the teeth of European obstruction, which not only saved an immense amount of human suffering, but averted a widespread breakdown of the European system.

These words did not seem extravagant in 1919, nor did they sound unfamiliar in either Europe or America. Hoover appeared a gigantic figure—"the biggest man," said the *London Nation*, "who has emerged on the Allied side during the war." He had risen to this international acclaim—second only to Wilson's and considerably more lasting—from a background as dramatic as it was obscure. The outbreak of the war had found Hoover living quietly in London, unknown to the general public of any nation, an international businessman and mining engineer of modest repute. At the age of forty he had accumulated a considerable fortune; this was not remarkable, but the global scope of his career was.

Between 1899 and 1911, in addition to a few engineering tasks undertaken in his native country, Hoover had dug mines, supervised a variety of enterprises, and acquired interests on four continents. Starting in Australia in 1897-8, he had spent part of 1899 in China, 1901 in Japan, 1902 in New Zealand, 1903 in India, 1904 in Rhodesia and the Transvaal, 1905 in Egypt, 1907 in Burma, the Malay States, and Ceylon, 1908 in Italy, 1909 in Russia, Korea, and Germany, 1910 in France, and 1911 again in Russia. He had offices in San Francisco, New York, London, Melbourne,

Shanghai, and for periods in St. Petersburg and Mandalay. He had lived a large part of his mature life on ocean liners. He was associated with over a score of business concerns. In Russia he had managed various interests on an estate containing about seventy-five thousand tenants and laborers. In China he had witnessed the Boxer Rebellion and supervised the construction of barricades to defend Tientsin against siege. At Tomsk in Siberia he had felt reverberations of the 1905 Revolution. In Burma he had been down with tropical malaria. He had found time to publish two books: a textbook on *Principles of Mining*, and a translation with his wife's aid of Georgius Agricola's sixteenth-century metallurgical treatise, *De Re Metallica*.

Hoover's first war job had been to remove thousands of American tourists who were stranded in Europe when the war broke out. Then he accepted the chairmanship of the Commission for Relief in Belgium. For four years, in spite of terrible obstruction by both Germany and the Allies, Hoover's commission fed ten million people. The task was accomplished with astonishing efficiency, and when the commission's accounts were tallied at the close of operations its overhead was found to be only three eighths of one percent of total expenditures, and a surplus was bequeathed for the peacetime reconstruction of Belgium. In 1917, assuming the position of Food Administrator for the United States, Hoover conducted, with spectacular success and without power to employ rationing, a program of food supply and conservation that made his name a household word. As head of the economic restoration of Europe at the close of the war, he distributed twenty million tons of food to three hundred million people, ran a fleet of ships, directed the railroads and coal mines of central Europe, and restored crippled communications.

In a time of havoc and hatred the name Hoover came to mean food for the starving and medicine for the sick. From the ranks of his co-workers a fanatic body of admirers

had gathered about him. In several European countries streets were named for him. After five years of war service without salary and without attention to his private affairs, his fortune had been somewhat scaled down, but he was rich in popularity.

Within little more than a decade the story of Hoover's wartime career was all but forgotten. The man who had fed Europe had become a symbol of hunger, the brilliant administrator a symbol of disaster. The *Hooverstrassen* of the Armistice period had given way to the dismal Hoovervilles of the depression. And the great engineer left the White House under as dark a cloud of public disfavor as any President since John Quincy Adams, over a century before.

II

There was nothing mythical about Hoover's vaunted ability. The bare outlines of his career show that the admirers of the Relief Commissioner, the Food Administrator, and the Cabinet Secretary were not mistaken in thinking they had found a man of extraordinary energy, initiative, and efficiency. What ruined Hoover's public career was not a sudden failure of personal capacity but the collapse of the world that had produced him and shaped his philosophy.

The things Hoover believed in—efficiency, enterprise, opportunity, individualism, substantial *laissez-faire*, personal success, material welfare—were all in the dominant American tradition. The ideas he represented—ideas that to so many people made him seem hateful or ridiculous after 1929—were precisely the same ideas that in the remoter past of the nineteenth century and the more immediate past of the New Era had had an almost irresistible lure for the majority of Americans. In the language of Jefferson, Jackson, and Lincoln these ideas had been fresh and invigorating, in the language of Herbert Hoover they seemed stale

and oppressive. It is a significant fact that in the crisis of the thirties the man who represented these conceptions found himself unable even to communicate himself and what he stood for. Almost overnight his essential beliefs had become outlandish and unintelligible. The victim of his faith in the power of capitalism to survive and prosper without gigantic governmental props, Hoover was the last presidential spokesman of the hallowed doctrines of *laissez-faire* liberalism, and his departure from Washington marked the decline of a great tradition.

Most striking about Hoover's social philosophy is the doggedness with which he holds to it and his willingness to endure opprobrium by acting upon it. Hoover's administration after the crash of 1929 is one protracted rite of harakiri. No President, not even Grover Cleveland, has ever been seduced by his convictions into blunter defiance of majority opinion. On this score Hoover can always be acquitted of the charge of revising his ideas to cater to mass sentiment.

Hoover's confidence in what he calls the American system owes a good deal to the circumstances of his early career. He is a self-made man out of ancient American mythology, whose early life story would have delighted Abraham Lincoln. Since Andrew Johnson, whose father was a porter and who began life as an illiterate tailor's apprentice, no occupant of the White House has arisen from circumstances more modest. Hoover's father was a blacksmith who ran a sales agency for agricultural machinery as a sideline, he was the descendant of perennially obscure pioneering stock dating from colonial times. During the nineteenth century the Hoover family had moved from North Carolina to Ohio and from Ohio to Iowa, where Hoover was born in 1874. Both parents were practicing Quakers.

Hoover's father died when the boy was six, his mother when he was not yet ten, leaving their savings of fifteen hundred dollars to three children. Young Hoover went west to Willamette, Oregon, in the care of his maternal uncle,

Dr. John Minthorn, who soon made rich profits in the Northwestern land boom, Hoover entered his uncle's business as an office boy.

On the suggestion of a visiting engineer, the boy took qualifying examinations in 1891 for the newly opened Stanford University. Although his preparation was inadequate, the institution relaxed its standards to swell the freshman class. When a shrewd university examiner saw in Hoover a redeeming flair for mathematics, he was admitted under the modest handicap of being "conditioned" in English. For the rest of his life he struggled with his prose, which has always been suggestive of a light fog moving over a bleak landscape.

At Stanford Hoover studied under Professor John Branner, an eminent geologist. To support himself he not only took on a number of odd jobs, but, more important, worked during summers as Branner's assistant on geological surveys and during school terms as Branner's secretary. He also plunged into campus politics on the side of the anti-fraternity or "democratic" faction, organizing the poorest element of the student body, boys who lived in abandoned workmen's shacks on the edge of the campus. In such relatively extroverted roles Hoover partially overcame his shyness and quickly won respect. Will Irwin, a fellow undergraduate, recalls: "'Popularity' is not exactly the word for his reaction and influence on his fellows. A better word probably would be 'standing.'" 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 also met the daughter of a Monterey banker, Lou Henry, whom he married in 1899.

Stanford did a great deal for Hoover, and he later became a patron, a trustee, and the founder of its Hoover War Library. But when he took his engineering diploma in 1895 a depression was approaching its depths, and his prospects were not immediately promising. Unable to get a post as

engineer, young Hoover took a common laborer's job in a mine near Nevada City, and the summer after his graduation found him working deep in the Sierras, pushing a handcar and shoveling ore at two dollars and a half a day.

Hoover did not stay buried in the mines. In a few months he became office assistant to Louis Janin, a well-known San Francisco engineer, and graduated rapidly to more responsible positions. Then a call came to Janin from a large British mining firm for an American engineer who could direct new gold mines at Coolgardie in Australia. Not yet twenty-four, Hoover found himself on a steamer bound for a job in the Antipodes at a salary of \$7,500, standing at the threshold of the fabulous business career that was to make him a millionaire before he was forty.

For one who was to advise at the Peace Conference, Hoover's background was in some ways propitious. He came to the war with a Quaker heritage. Unlike the elder statesmen who were running the show, he had no political outlook and no worries over a constituency. He was more immune to the terrible passions the war had stirred, he had seen with his own eyes the falsity of Allied atrocity stories, and he knew that cruelty was not the exclusive quality of the Germans. His point of view was much like a nonbelligerent's, and, so far as possible, it was free of other than practical economic considerations. As he put it many years later in speaking of the Peace Conference: "I dealt with the gaunt realities which prowled about outside."

But Hoover's program for peace was not confined to the relief of hunger. With Wilson he shared the belief that Europe should be reconstructed on the principles of liberal capitalism. He was in favor of withdrawing from Europe "lock, stock, and barrel" unless the Allies would accept the Fourteen Points, and he was relentlessly determined that the United States should keep a free hand in all economic matters. Wherever food relief was concerned, Hoover kept

one eye on the market for American agricultural surpluses, which gave him a practical as well as a humanitarian reason for criticizing the blockade maintained against Germany between the Armistice and March 1919. When Allied economic collaboration was proposed in November 1918, Hoover cabled one of his Paris representatives to veto

anything that even looks like inter-allied control of our economic resources after peace. . . . After peace over one half of the whole export food supplies of the world will come from the United States, and for the buyers of these supplies to sit in dictation to us as to prices and distribution is wholly inconceivable. The same applies to raw materials.

This businesslike reply settled all possibility of inter-Allied economic action.

On the whole, Hoover's letters and memoranda to Wilson were perspicacious. Because he was sure that it would be a hundred times more difficult to maintain capitalism and democracy in Europe if Germany were economically destroyed, he argued for a settlement without vengeance and opposed many of the worst features of the final treaty. It might be necessary to plunder Germany for the satisfaction of the Allies, but he knew there was a political and economic limit to it. Germany might even be stripped of her surplus for a generation, he wrote Wilson on June 5, 1919, but more than this was utterly impossible, for it would kill the chances of democracy in Germany and "she will turn either to Communism or Reaction, and will thereby become either militarily or politically on the offensive." The treaty would go far to destroy the seeds of democracy in Germany and would hamper the course of world recovery. As for the post-Armistice blockade, it was "absolutely immoral. . . . We do not kick a man in the stomach after we have licked him."

An important part of his work, which had the ardent support of the Allied Supreme Council, was Hoover's anti-Bolshevik policy. In addition to the "transcendent purpose" of American relief, which was to feed the starving, he later explained:

my job was to nurture the frail plants of democracy in Europe against . . . anarchy or Communism. And Communism was the pit into which all governments were in danger of falling when frantic peoples were driven by the Horsemen of Famine and Pestilence.

"The whole of American policies during the liquidation of the Armistice was to contribute everything it could to prevent Europe from going Bolshevik or being overrun by their armies," he stated in 1921. To Wilson he suggested that during the postwar period food be distributed in Russia only on condition that the Soviets cease military operations.

When Hoover returned from Europe late in 1919 it was as a major political figure whom both parties were eager to claim, but whose politics were unknown. In March 1920 he described himself in a public statement as "an independent progressive" who objected "as much to the reactionary group in the Republican Party as I do to the radical group in the Democratic Party." First he denied that he was seeking public office. Then he announced that he would accept the Republican nomination if the party would adopt "a forward-looking, liberal, constructive platform on the treaty and on our economic issues." (He was for the League with reservations.)

By thus announcing his affiliation, without receiving any party commitments in return, Hoover lost one of his trump cards. Assured that his towering popularity would not be available to the Democrats, the Republican Party professionals, who had no use for the engineer, felt free to nominate a party regular. Hoover had popular following and

plenty of funds and publicity; he was far better known than Harding, far more appealing than Lowden or Wood. But the bosses won and Harding became President. In any case it is unlikely that Hoover could have captured the Republican nomination, but Wendell Willkie's feat in 1940 suggests that it was within the bounds of possibility. Had Hoover become President in 1920, it is easy to believe that the country would have been spared the ghastly farce of the Harding administration and that Hoover himself could have left office in 1929 after two terms, one of the most admired chief executives in all American history! Instead Hoover qualified as one of Harding's "Best Minds" and entered the Cabinet as Secretary of Commerce.

It was ironic, in view of his later attitudes, that when Hoover took over the Department of Commerce he became a great bureaucrat. Once considered the least of the Cabinet posts, the Secretaryship of Commerce rose under Hoover to equal Mellon's Treasury Department in its importance to the big-business government that settled upon Washington in the twenties. Its functions grew rapidly: several subdivisions sprang up, others were taken from the Interior Department, plans were made for a huge new building, and activities were accelerated to a remarkable pitch. Many years later Hoover observed: "No one with a day's experience in government fails to realize that in all bureaucracies there are three implacable spirits—self-perpetuation, expansion, and an incessant demand for more power."

One 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 expenditures and personnel. Business trends were studied and reported as never before. One relatively minor division, the Office of Simplified Practice, rendered annual savings to business and the public which alone more than repaid the nation for the Department's

budget, and Simplified Practice was only a small part of a grand, well-publicized campaign waged by the ex-engineer against economic waste.

The Secretaryship of Commerce was a strategic spot from which to advance Hoover's presidential ambitions, and he launched a course of activity which brought him press attention that rivaled Coolidge's. During the honeymoon of the twenties it was not difficult to woo the public and big business at the same time. Hoover particularly ingratiated himself with public-utility interests by making several strong speeches opposing federal regulation of power and favoring state regulation, the effectuality of which had been sharply reduced by court decisions. These speeches were distributed in pamphlet lots of 25,000 to 500,000 by the National Electric Light Association, the propaganda agency of the utility companies.

Hoover also tried to promote business by encouraging foreign investments and fighting for optimum markets for American buyers. His championship of American trade warranted the boast of Assistant Secretary of State William R. Castle to an exporters' convention that "Mr. Hoover is your advance agent and Mr. Kellogg is your attorney." The expansion of foreign investments, however, proved to be an inflationary boomerang. Every dollar invested abroad called for returns. When the total overseas investment became so huge that the annual interest payments and other returns in a given period exceeded the new investment flowing out, the balance of international payments on these invisible items would swing back to the United States and some of our foreign markets would eventually be lost. It was impossible to sell to the world, lend to the world, and refuse to buy from the world without eventually courting disaster.

But few people worried over such things in the heyday of Republican prosperity, and Hoover's Cabinet service maintained his popularity. His work in Mississippi flood relief in 1927 reminded the electorate of his earlier human-

itarian career. In the public mind he was the fit and proper successor to Coolidge. Yet he was still distrusted by the professional politicians, and, curious as it may seem, Wall Street politicians were afraid of him, longing for the renomination of the reliable Coolidge or, failing that, the nomination of Andrew Mellon. William Allen White in his biography of Coolidge records Chief Justice Taft's wonderment and disgust as he watched the Wall Streeters line up against Hoover because they knew he had "grumbled at the market."

Hoover was generally reputed the "most liberal" of the Harding-Coolidge Cabinet. He had sat quietly through the scandals of the Harding era. He had done nothing wrong, even though he had done nothing to stop those who did.¹ There were murmurings of suspicion about him in some quarters, particularly among farmers who doubted that he had any solution for the ills of agriculture, but none of his failings loomed very large in 1928. Although he had given no support to the liberal proposals of the twenties, other than a child-labor amendment and unemployment insurance, he was looked upon with an indulgent suspension of judgment. Perhaps his progressivism was only in hiding; perhaps he would be a more liberal man when he was no longer in political fetters under Harding and Coolidge. "It may be fair to say," wrote a liberal economist, "that he has done as well in that *milieu* as anyone could be expected to do." Such was the state of opinion when he captured the Republican nomination.

¹ Along with other respectables of the Harding regime, Hoover has been criticized for failing to expose or halt the corruption in the Interior Department, of which it is said "he must have known." When Albert B. Fall resigned shortly before the exposure of his part in the Teapot Dome affair, Hoover wrote him: "In my recollection that department [Interior] has never had so constructive and legal a headship as you gave it." (Quoted in Samuel Hopkins Adams: *The Incredible Era*, p. 304.)

III

Hoover had worked hard for the presidency and he wanted to make the office his crowning triumph. He must have dreamed of the image he would leave for historians—a success in business, a fabulous success in humanitarian undertakings, a magnificent success in presidential leadership. Hoover the engineer would be the symbol of the coming age of material fulfillment, as Jefferson had been of democracy and Lincoln of emancipation.

But as a politician Hoover proved a failure, in dealing both with other politicians and with the public. He was unaccustomed to running for office and changing in response to popular will. His background in business, where he was supremely persuasive in working with his peers, had not trained him in give-and-take with masses of men. A good part of his life had been spent giving orders to Orientals and what he confidently called the "lower races."² A rough and speculative occupation like mining and mine promotion demands a considerable sacrifice in human values, and it failed to develop in Hoover such compensating graces as diplomacy or social flexibility. There is evidence that he had developed a vein of arrogance beneath his matter-of-fact exterior. Once in a communication to an English mining journal he had waved aside the misappropriation of investors' funds by corporation officials with the remark that capital is "often invested" by such insiders "to more reproductive purpose than if it had remained in the hands of the idiots who parted with it."³ Accustomed as he was to successes and popular esteem, to managing men and machines with remarkable effects, it is unlikely that he had ever felt helpless before the bigness and difficulty of the world. Hoover

² In *Principles of Mining* (1909).

³ *Mining Magazine*, May 1912, p. 371.

ver was one of those bright and energetic businessmen who, precisely because of the ease with which success has been attained in their immediate experience, refuse to learn deeply from anything outside of it.

Psychologically, Hoover was ill-adapted to the peculiar requirements of political life. Still shy, still far from articulate, he was anything but a dynamic public figure; he detested politics and its countless silly indignities, he was addicted to worry, and he was sensitive to criticism. Little gifted with the arts that make for facile human relationships, he would have found his position uncomfortable even in prosperous times. Small wonder that near the end of his term he should have goaned: "This office is a compound hell."

Hoover's greatest handicap, however, lay not in his personal limitations but in his philosophy. He devoutly believed in the comparatively unregulated profit system under which he had grown up. He would not say that the system was invulnerable—it could, of course, be thrown out of gear by wrong thinking and unwise practices; he knew also that it was subject to cyclical fluctuations, which he felt could be diminished. But its basic principles were thoroughly "sound." If it were allowed to proceed with no more than a smack and a dab of government regulation here and there to prevent "abuses," it could not fail to minister more and more effectively to human welfare. From the end of the 1893 depression, in fact, to the crash of 1929—a stretch of about thirty-two years covering Hoover's entire maturity—this system had suffered no major setback. To be sure, there had been a "banker's panic" in 1907—very short-lived and easily ascribed, as its name suggests, to unsound practices. There had been a downward turn in business just before the World War—but that was inconclusive. There had been a brief depression in the early twenties—but that was an outcome of wartime dislocation, not a natural ingredient of the

"normal" economic situation. Plainly the system worked, and it worked well.

But this was not all. Since his childhood Hoover had seen a marked rise in American wages and standards of living. The productivity of American workmanship and technology had been steadily growing. Telephones, radios, automobiles, electric lights, refrigerators—all these inventions had come into broad popular use. American ingenuity and enterprise, Hoover believed, would continue to manufacture the goods of life more efficiently and cheaply. Prices would fall. Increased productivity and lower costs would enable industry to pay higher wages, and higher wages would provide an expanding sales outlet. Through skillful promotion of foreign markets, surpluses could be sold abroad. Thus the whole economy would spiral upward in a never ending cycle: more telephones, more radios, more automobiles, more schools, more opportunities for everybody. It was the dawn of a golden age. In his triumphant Acceptance Address of 1928 Hoover declared: "We in America today are nearer to the final triumph over poverty than ever before in the history of any land. . . . We shall soon with the help of God be in sight of the day when poverty will be banished from this nation." He had become a wild-eyed Utopian capitalist.

Hoover has always described his brand of economics as "true liberalism," which he contrasts with the false liberalism of his critics on the left, and in the sense that his liberalism is more akin to historic nineteenth-century economic doctrines he is correct. He had come out of an Iowa farm environment that was intensely Republican in politics and had migrated into the open economic atmosphere of the far West. His international experiences in business and long residence abroad had done no more to modify the native cast of his thinking than to change his typical mid-Ameri-

can accent. Just as Jefferson's travels in Europe had confirmed his political prejudices, so Hoover's acquaintance with European economic life had intensified his opposition to statism and his confidence in the superiority of "American" ways of doing things. With Jefferson and the economic individualists he agreed, on the whole, that that government is best which governs least, a conviction that was confirmed by his successes with local and voluntary forms of action. Even as a bureaucrat in Washington he had made it his concern to prime the pump of private business initiative rather than play a paternalistic role. Although his government experience and his allegiance to progressivism—he had been a mild Bull Moose in 1912—qualified somewhat his allegiance to the abstract principle of *laissez-faire*, he was determined to keep centralized government activity at what he considered a reasonable minimum.⁴

Hoover, moreover, was trained as an engineer, and his social philosophy was infected with a professional bias. Economy and efficiency became ends in themselves. To him it mattered dearly not only what goals were adopted but exactly how a job was done. This craftsmanlike concern for technique, a legitimate thing in itself, stood him in bad stead politically during the depression, when the people grew impatient for results regardless of method.

⁴ In his *Principles of Mining* (1909) Hoover, in the course of a passage expressing his approval of business unionism, added: "The time when the employer could ride roughshod over his labor is disappearing with the doctrine of 'laissez faire' on which it was founded. The sooner the fact is recognized, the better for the employer." Hoover always endorsed such invasions of pure *laissez-faire* as the state social-welfare laws of the Progressive period. But the principle of regulation by the states, initially a measure of progress from the old days of unbridled exploitation, tended increasingly to become a plausible conservative alternate to more effective federal regulation. By the time Hoover became nationally prominent, the defense of state welfare laws as opposed to federal laws had become a stock argument of those who represented the business point of view.

Hoover's postwar function as the defender of Western capitalism from the Bolsheviks also seems to have made its mark on his style of thought. One of his most persistent themes has been the unworkability of socialism, another his tendency to see Bolshevism in every measure of public ownership. In 1922 he declared that the failure of socialism in Russia, for all the misery that accompanied it, was not an unmitigated misfortune to humanity, because it was "necessary for the world to have this demonstration." Not only did he refuse to recognize the Soviet government, he also refused to recognize Soviet economics.⁵ Trade with Russia was impossible, he declared during the twenties, because the Soviets, under their economic system, could never "return to production," would never be able to export, and hence never able to buy.⁶

Even the platform of the Raskob-financed Democrats in 1928 represented "state socialism" because it had liberal planks on power and agricultural relief. As Hoover later explained in *The Challenge to Liberty*, public ownership "of no matter how small a segment of an industry will be followed rapidly by other steps." Indignantly he vetoed Senator Norris's bill to establish a government plant at Muscle Shoals with authority to sell power and nitrates.

I am firmly opposed to the Government entering into any business the major purpose of which is competition with our citizens. . . . The remedy for abuses in the conduct of that industry [power] lies in regula-

⁵ "We cannot even remotely recognize this murderous Bolshevik tyranny without stimulating actionist radicalism in every country in Europe and without transgressing every national ideal of our own," he wrote to Wilson, March 28, 1919.

⁶ The theoretical incapacity of the Soviets to produce did not prevent Hoover from listing Russian dumping in the world market as one of the important causes of the depression.

tion... I hesitate to contemplate the future of our institutions, of our Government, and of our country if the preoccupation of its officials is no longer the promotion of justice and equal opportunity but is to be devoted to barter in the markets. That is not liberalism; it is degeneration....

The real development of the resources and the industries of the Tennessee Valley can only be accomplished by the people in that valley themselves... solely for the benefit of their communities and not for purposes of pursuit of social theories or national politics. Any other course deprives them of liberty.

In 1922, disturbed by world-wide ferment, Hoover expounded his social philosophy in a little book entitled *American Individualism*. He admitted that individualism, untempered, would produce many injustices, but asserted that in the United States it had fortunately been qualified by the great principle of equality of opportunity:

Our individualism differs from all others because it embraces these great ideals: *that while we build our society upon the attainment of the individual, we shall safe-guard to every individual an equality of opportunity to take that position in the community to which his intelligence, character, ability, and ambition entitle him; that we keep the social solution free from frozen strata of classes; that we shall stimulate effort of each individual to achievement; that through an enlarging sense of responsibility and understanding we shall assist him to this attainment; while he in turn must stand up to the emery wheel of competition.*

Americans have learned, Hoover went on, that the strong are not necessarily the most fit, that society runs

more smoothly when they are restrained. But we also know that "the one source of human progress" is the opportunity of the individual to use his personal equipment as best he can. The idea that men are really equal "was part of the clasp of the French revolution." "The most the individual can expect from the government is 'liberty, justice, intellectual welfare, equality of opportunity, and stimulation.'" As evidence that substantial equality of opportunity still existed in the United States, Hoover observed: "Of the twelve men comprising the President, Vice-President, and Cabinet, nine have earned their own way in life without economic inheritance, and eight of them started with manual labor." For a man who presided over one of the greatest statistical agencies in the world, Hoover's idea of an adequate statistical sample was pretty meager, but his choice of the Harding Cabinet to illustrate the opportunities that awaited the self-made man showed a magnificently perverse intuition.

While campaigning against Smith, Hoover again stated that American individualism is no free-for-all, that it calls for "economic justice as well as political and social justice. It is no system of laissez faire."

It is as if we set a race. We, through free and universal education provide the training of the runners; we give to them an equal start; we provide in the government the umpire of fairness in the race. The winner is he who shows the most conscientious training, the greatest ability, and the greatest character.

The conception that the banker's son and the sharecropper's son have equal chances in life because there is a free public-school system, and that the government provided by Harding, Coolidge, and Mellon was simply "the umpire of fairness" in the race, may seem an eccentric one, but it was not peculiar to Hoover. The entire generation of

businessmen of which he was a part was under singular disadvantages in understanding the twentieth century. They had been brought up by the masterful post-Civil War generation of business magnates and had inherited their ideas. The success of the earlier generation had been impressive, and the prestige of its ideas, despite their inherent weaknesses, ran correspondingly high wherever the old promises of American individualism still warmed the spirits of men. That life is a race which goes to the swift was still plausible to many people in 1891 when Hoover entered Stanford, and classic spokesmen of the *status quo* like William Graham Sumner at Yale were still thundering at undergraduates the truth that millionaires are the bloom of a competitive civilization. Although the heated criticisms of the Progressive era slightly tarnished these notions, they were refurbished and repolished in the New Era of the twenties. The terrible and sudden collapse of 1929 left the inheritors of the old tradition without a matured and intelligible body of ideas to draw upon and without the flexibility or morale to conceive new ones. Driven to reiterate with growing futility the outworn creed upon which they had been suckled, the very men who had made such a fetish of being up to date, pragmatic, and hardheaded in their business activities now displayed in politics the sort of archaic, impractical, and flighty minds that made the Liberty League possible.

Hoover, had he been challenged with the overpowering implausibility of his notion that economic life is a race that is won by the ablest runner, would have had a ready answer from his own biography: had he not started in life as a poor orphan and worked in the mines for a pittance, and had he not become first a millionaire and then President of the United States? There are times when nothing is more misleading than personal experience, and the man whose experience has embraced only success is likely to be a forlorn and alien figure when his whole world begins to fail.

IV

In October 1929 Hoover ceased to be the philosopher of prosperity and turned to the unexpected and melancholy task of rationalizing failure. His interpretation of the depression was simply that the "American system," though fundamentally healthy, had been brought to grief temporarily by incidental and accidental influences, chiefly from abroad.

"The origins of this depression lie to some extent within our own borders through a speculative period," the President admitted in his December 1930 message to Congress; but, he continued, if overspeculation had been its only cause, the depression would have been easily conquered. It was a world depression, and its roots were in the World War. "The major forces of depression," Hoover concluded, "now lie outside of the United States."

During the 1932 campaign he amplified his thesis. He reminded his Democratic opponents of the enormous cost of the war in lives and money, of huge government debts, of political instability that had "paralyzed confidence," of the growth of standing armies, of revolutions and agitations in China, India, and Russia, of overproduction of key products in the Indies, Cuba, Brazil, Ecuador, the Congo, Burma, Australia, and other parts of the world. Overproduction had "crashed into the immutable laws of supply and demand" and had "brought inevitable collapse in prices and . . . a train of bankruptcies and destruction of buying power for American goods." Panic-stricken countries had dumped their holdings of securities into the American market, gold had thus been withdrawn from the United States, and "the consequent fear that swept over our people" caused them to draw huge sums from the banks. How mistaken, then, to believe that the most serious causes of the depression could be located in the United States. "We," concluded Hoover reproachfully, "did not inaugurate the Great War or the pan-

ics in Europe." The final article in Hoover's version of the depression was that it had been beaten at last by his policies,⁷ only to be revived by the uncertainties of the 1932 election and Roosevelt's failure to reassure business.

If the American system (which, as Hoover said, "its enemies call capitalism") was basically sound, such psychological factors as loss of confidence might be playing an important part in deterring recovery. So earnestly did Hoover believe in the importance of confidence that he journeyed from Washington to Philadelphia in the gloomy fall of 1931 in part because he felt that his attendance at a World Series game would be a public demonstration of his own serenity. This desire to stimulate confidence was the cause of the absurdly optimistic statements by Hoover and others that flooded the press in the months following the crash. Shortly after the market break he made one of his most famous remarks: "The fundamental business of the country, that is, the production and distribution of commodities, is on a sound and prosperous basis." Other hopeful statements followed. On March 8, 1930 he assured the country that the crisis would be over in sixty days.

It has been widely assumed, because of this series of sanguine announcements from the White House, that Hoover had no conception how serious the situation was. A close study of his actions behind the scenes shows that this was not true. Privately he had a dark view of the nature and probable duration of the crisis. He had been warned almost at the outset by Federal Reserve officials that "the situation . . . is honeycombed with weak spots. . . . It will take perhaps months before readjustment is accomplished." The psychology of "confidence" economics, however, demanded

⁷ An upturn in business activity during the summer of 1932 gave some color to this belief, although it is simply an act of faith to assume that it would have continued to full recovery under Hoover's program.

that the public be given sweeping reassurances, and the President took the risk of sacrificing what was left of his reputation as a prophet. Unfortunately, he was saddled for the rest of his life with the "prosperity-is-around-the-corner" theme.

It was, in fact, not Hoover's initial estimate of the crisis, but his subsequent estimate of his own remedies that was really at fault. On November 21, 1929 he called a grand conference of business moguls and told them confidentially, according to Myers's and Newton's summary of his prepared notes:

that he viewed the crisis more seriously than a mere stock market crash, that no one could measure the problem before us or the depth of the disaster; that the depression must last for some time, and that there were two or three millions unemployed by the sudden suspension of activities.

He continued that steps must be taken to prevent distress and "maintain social order and industrial peace." The burden must not be thrown immediately upon labor. Such a course would cut purchasing power and bring about "industrial strife, bitterness, disorder, and fear." Instead, wages should be "temporarily maintained" until intensified competition and the shrinkage in demand forced the price level down.⁸ Then later, when wages were reduced, they should not fall faster or farther than the cost of living. Values could thus be "stepped down" gradually and without undue hard-

⁸ This was, for a crucial part of industry, a false assumption. The price structure was very inelastic in the monopolized heavy industries. Many economists attribute the severity of the depression and the difficulty of recovery to this stickiness in prices.

ship.⁹ Both industry and labor promised to support this program, the former by maintaining production and wage rates, the latter by withdrawing some wage demands already made. Faithful adherence to his plan, Hoover believed, might reduce price levels sufficiently to lower costs of production to a point at which profits could again be made; inflated capital values would be reduced until they approached realities. Then the normal upward and onward course could be resumed. As Hoover told the people, "We have come out of each previous depression into a period of prosperity greater than ever before. We shall do so this time."

Hoover was asking the businessmen to forswear all their natural inclinations. The first impulse of industrialists was to reduce production and employment, cut wages, and so far as possible maintain prices. The most businesslike reaction in administration councils came from Andrew W. Mellon, who said in the fall of 1930: "Curtailement of output, without question, will correct the present condition within a short time," and who, in his own vast system of enterprises, was curtailing output with admirable zeal. But under Hoover's plan the industrialists were to continue to produce and pay prevailing wage rates, even though there was no market for their goods in sight. It is surprising, perhaps, that they agreed to follow his plan, and even more surprising that, so far as wage rates were concerned, they generally made an effort to comply. Not until the summer of 1931 did manufacturers generally reduce wage scales. Production, however, was another matter. They would not produce for a nonexistent market; the volume of output and

the total wage bill shrank drastically, the depression deepened.

Had the fundamental business of the country actually been sound, one might perhaps have expected Hoover's program to work.¹⁰ In the teeth of the evidence he seems indeed to have believed that it was taking effect, and there soon began in his curiously stubborn mind a series of flights from reality which took him farther and farther into a private world in which things behaved as he expected. Because, on his postulates, his program should have been successful, he went on talking as though it were, and the less his ideas worked, the more defiantly he advocated them. A half-year after his November conference, when a group of manufacturers, bankers, and bishops came to urge more positive action against unemployment, he said: "Gentlemen, you have come six weeks too late." In the bitter summer of 1931, ignoring the shrinkage in employment and the fact that business was on the verge of a panic of wage-cutting, he boasted that his administration had "steadily urged the maintenance of wages and salaries."

Carried to its logical conclusions, a deflationary solution of the depression would have required, as it always had in the past, a considerable number of bankruptcies in founding enterprises. In a time of falling prices this was the most important way in which a large part of the great debt burden could be liquidated and inflated capital claims reduced. But as the depression deepened, it became evident that such a procedure now involved the gigantic risk of toppling the entire social-economic structure. A large part of the debt was held by saving banks and mortgage and life-insurance companies, in which the savings of millions were

⁹ The quotations in the preceding passage are not direct from Hoover's notes, but from Myers's and Newton's paraphrase of them. The program of the November 21 conference was ratified and adopted by a subsequent meeting on December 5.

¹⁰ Very likely Hoover hoped for a repetition of the brief 1921-2 depression, when prices fell so rapidly that the real wages of the employed workers actually rose quite sharply.

invested, and it would have been fatal to let them fail. To shore up the financial structures of such institutions with government credits, Hoover at last in December 1931 asked Congress to create the Reconstruction Finance Corporation. In this respect the hands-off policy had to be abandoned.

If Hoover's economics did not call for strong governmental action, it did require a great deal more initiative than any President had ever brought to bear to meet a depression. The historic policy in all previous major depressions had been almost complete *laissez-faire*, and Hoover was the first President in American history to bring any federal leadership to such an emergency. But like a timid beast he shied away from any federal compulsion over business, when compulsion was necessary even to his own modest program. Without legal power he could not ensure that business leaders would maintain production and wage rates, to say nothing of employment. And yet to one with his political philosophy such compulsion was unthinkable. The entrepreneur's right *not* to produce, his right to let factories remain idle, is, after all, one of those great traditional rights of private ownership that Hoover was so eager to defend. To destroy it would revolutionize inherited law and morals.

However, it was not merely his political scruples but his economic doctrines that held Hoover back. A refusal to look for domestic causes of the depression, and hence for positive domestic remedies, grew logically out of his theory that the depression was a foreign product. From the premise, which few cared to deny, that this was a world depression which had aggravated the internal depression of the United States, Hoover reasoned to the conclusion, which was thoroughly questionable, that there was no major flaw in America's domestic economy. One can search in vain among his public statements, with their dolorous allusions to revolutions in China and overproduction of cocoa in Ecuador, for an appreciation of the fact that there were vital domestic causes for depression that might have made them-

selves felt even if the Creditanstalt had never failed. More than ever in history the business boom of the twenties had been based upon expansion in consumers' goods, and more than any other it was dependent upon sustained consumption. The level of consumption in the United States was high, but it did not continue to grow in proportion to the vast productive capacity of American industry. There had been a persistent agricultural depression under the prosperous surface of the twenties. In industry unemployment had slightly increased, and the growth in real wages was small. Important factors upon which the boom had been built slackened before the stock-market crash of 1929. Investment in housing, for example, one of the vital sources of the boom, fell off after 1925, declined drastically between 1928 and 1929, and in the last year of prosperity the decline spread from residential to industrial and commercial building. The rate of expansion in automobile-manufacturing and road-building flattened out before the crash came. Such things were reflected in the rate of investment in capital goods, which went into decline a year before the market crash. The country was overstocked with savings to be invested and goods to be sold, and the inability of savings to find good investment outlets in industries that were rapidly saturating their markets drove capital into speculative channels. This unhealthy speculation Hoover saw and disapproved, but he preferred to look abroad rather than to see what lay behind it.

During his career as Secretary of Commerce Hoover had answered the problem of America's tremendous productive capacity with the injunction: sell abroad, and the problem of its accumulated savings he had likewise answered: invest abroad. His thesis that the depression began in the rest of the world and spread to America, if true, was a boomerang. No one had been more active than he in increasing the equity of the United States in this floundering world economy. But the conception that America's economic salvation

lay in overseas markets and investments, once again, rested upon a misconception of the domestic economy.

Never did Hoover acknowledge how feeble was the purchasing power of the American people in comparison with the forces of production they had created. It was quite in character when, in *The Challenge to Liberty* (1934), he airily denied that there was any serious maldistribution of wealth in the United States. Propagating this insidious idea, he declared, was a device "of those who are anxious to destroy liberty. A competent study will show that over 90 percent of the national income goes to persons receiving less than \$10,000 per annum income and over 97 percent to persons receiving less than \$50,000 annually." The income classes chosen for this illustration were so broad as to conceal the relevant facts about income distribution and purchasing power. The Brookings Institution study, *America's Capacity to Consume*, which appeared in the same year as *The Challenge to Liberty*, showed that the nation's 631,000 richest families had a total income considerably larger than the total income of 16,000,000 families at the bottom of the economic scale. From the standpoint of purchasing power, these 16,000,000 families, the Brookings economists concluded, had incomes too small even to purchase "basic necessities." Such was the potential market at home during the years when Secretary Hoover had been working so hard to expand American markets abroad.

The inflexible state of mind that underlay Hoover's approach to the depression can be seen in two vital policies: his prescription for the ills of agriculture and his attitude toward relief. In the first of these he was trapped by an optimistic miscalculation, in the second by his loyalty to the American folklore of self-help.

The President's farm policy was embodied in the Agricultural Marketing Act of 1929, which established the Federal Farm Board. During periods of glut the Farm Board was

to enter the market and buy the surpluses of "overproduced" crops, thus sustaining prices until the market returned to "normal." It was taken for granted—and this was typical of Hoover—that any overproduction that might occur would be occasional, not chronic, in short, that the fundamental position of American agriculture was sound. This supposition had no foundation in reality. American agriculture since the World War had completely outgrown the sum total of its domestic and foreign markets; partly, as Hoover was sometimes aware, because new competing areas had opened elsewhere in the world, partly because of the changed position of the United States from a debtor to a creditor nation, which made it difficult for other countries to buy our exports, partly because of changing consumer habits, and partly because of those same high tariffs which Hoover had insistently defended.¹¹ The result of the Hoover policies was that the government became burdened with enormous and growing stores of unmarketable wheat and cotton. Each year's unsold surplus in government warehouses hung heavily over the next year's market,¹² and prices plummeted downward to disastrous new lows. Finally in 1932 the Cotton Corporation began to beg farmers to plow up every third row in their fields. This coordinated scarcity, which Hoover's administration sought in vain through voluntary action, was achieved by the Roosevelt administration through heavy inducements and at times compulsion.

¹¹ During the 1928 campaign Hoover stoutly denied that high tariffs had hurt the farmer. He conceded that some change would be warranted and suggested that higher tariffs be levied on agricultural imports! Two years later he signed the Smoot-Hawley Tariff Act, which was a virtual declaration of economic war on the rest of the world.

¹² The comment of Wilbur and Hyde on this conventional criticism is charming: "The partial answer is that it [Hoover's policy] succeeded for two years, that the depression lasted too long. It was made worse by a sequence of bumper crops. Under other circumstances it would have got by better."

More than anything else it was his attitude toward relief that shaped the image of Hoover which still prevails in the popular mind. After successfully distributing relief on various occasions to over 150,000,000 people throughout the Western world, the President understandably thought himself an authority on the subject; here, as in other fields, his views could not be changed. When he discussed relief in public, it was generally as a question of political and moral theory, not of economics or human need. He earnestly believed that relief was a job for "the voluntary agencies of the country together with the local and state governments." His reasons for keeping relief a local concern he made clear in February 1931:

The moment responsibilities of any community, particularly in economic and social questions, are shifted from any part of the nation to Washington, then that community has subjected itself to a remote bureaucracy. . . . It has lost a large part of its voice in the control of its own destiny.

No need to debate the merits of this as a statement of political theory. The depleted treasuries of local governments were simply inadequate to the relief burdens of the crisis. 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." But no direct federal relief was undertaken. "I am opposed," said the President firmly, "to any direct or indirect government dole. The breakdown and increased unemployment in Europe is due in part to such practices." Huge relief appropriations would also make impossible the balanced budget that he considered "indispensable to the restoration of confidence."

The peculiar economic theology that underlay Hoover's attitude toward relief was highlighted by the political aftermath of the 1930 drought. In December Hoover approved a Congressional appropriation of \$45,000,000 to save the livestock of stricken Arkansas farmers, but opposed an additional \$25,000,000 to feed the farmers and their families, insisting that the Red Cross could take care of them. Finally, when Congress did vote an additional twenty million to feed the farmers, it was stipulated, to satisfy presidential scruples, 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," he added. " . . . A voluntary deed is infinitely more precious to our national ideals and spirit than a thousandfold poured from the Treasury."

Even for a people brought up in the same folklore, it was becoming hard to understand the Hoover *mystique*. Hoover had never been so solicitous about the "spiritual responses" of the businessmen who had been beneficiaries of federal subsidies or of Secretary Mellon's handsome tax refunds. And the idea that money given by the federal government would demoralize relievers, while money given by their neighbors or the Red Cross or local governments would not, seemed too fanciful to command respect. Resentment was aggravated by Hoover's political gaucheries. During these black, hungry days he allowed newsmen to photograph him feeding his dog on the White House lawn. A final touch was added by his reception of the bonus marchers at Washington.

V

No longer a Utopian, Hoover assumed in his post-presidential career the role of a hopeful Jeremiah. Now that affairs had fallen into the hands of reckless men, he seized every possible occasion to give warning. In his earnest book *The Challenge to Liberty* and in a series of speeches before Republican conventions he predicted that the managed economy foreshadowed in the New Deal would of necessity destroy economic freedom, the basis of all other freedoms, and that tampering with "Socialist methods" would only bring a middle-class reaction toward fascism.

When foreign affairs took the spotlight from the domestic transgressions of the New Dealers, Hoover at first threw himself on the side of isolationism, but after the outbreak of the war he retreated to a more equivocal position and after Pearl Harbor became a qualified internationalist.¹³

¹³ The first of the Japanese, Italian, and German aggressions had taken place during Hoover's presidency when the Japanese invaded Manchuria. At that time, speaking to his Cabinet, Hoover said: "The whole transaction is immoral . . . outrageous." But he pared down his indignation by adding, first, that this was "primarily a controversy between China and Japan," second, that the Japanese could not subdue China anyway, and third, that "there is something on the side of Japan." Under the last heading he said that China was unable to stem Bolshevism and anarchy, and that this was vital to Japan's economy. He concluded that we ought to cooperate with the League of Nations in every effort of negotiation or conciliation. "But that is the limit. We will not go along on war or any of the roads to war."

In the spring of 1932 some members of the State Department, including Secretary of State Stimson, favored American participation in some sort of economic sanctions. Hoover firmly opposed it. Then as an alternative he proposed what Messrs. Wilbur and Hyde call "a great moral sanction": namely, that all nations should agree to refuse recognition to territory obtained in violation of the Kellogg Pact. The principal nations of the world so agreed and—Wilbur and Hyde add helplessly—"so far as the expressed repudiation of the nations can have effect, there it lies." The historical reputation of any statesman caught between domestic crisis and foreign aggression is bound to suffer. If Hoover had taken a belligerent stand against

In 1938 the ex-President went on a tour of ten European countries. Hitler gave him the rare privilege of a forty-minute interview, after which Hoover issued a press statement reaffirming his belief in freedom and popular government. Upon his return to the United States Hoover promptly launched a campaign against American intervention in Europe. The idea of collective security, whether through economic or military action, he asserted, was "dead." Besides, the aggressions of the Axis would be vented upon others than the United States: "The face of Germany is turned more east than toward Western Europe. The face of Japan is turned west into Asia." Even if the democracies should be aligned against the totalitarian states, the United States must stay out of a European war, otherwise ours would become "practically a fascist government."

"If the world is to keep the peace," Hoover advised, "then we must keep peace with dictatorships as well as with popular governments." Totalitarianism, he argued, is nothing new; it is very much like the personal autocracies of earlier times—and we have always "had to live with such bedfellows." The people of the democracies "must reconcile themselves to the fact that nations of that sort are going to continue to exist." Even the people of dictator nations, after all, have a right to pursue their destinies under whatever form of government they please, however repugnant to Americans. Confident that fascism, like that other heresy, Marxian socialism, would "fail some time," he urged Americans to hold fast to their traditional liberties and "revitalize" democracy at home. Shortly after the Munich Conference he reaffirmed his belief that "there is more realistic hope of military peace for the next few years than there has been for some time."

Japanese aggression, critics would have been quick to insinuate that he was trying to use friction abroad to distract attention from a crisis at home.

Less than a year later Europe was at war. But Hoover was not discouraged. To publisher Roy Howard he predicted: "The Allies can defend their empire. I do not see any possibility of their defeat. They will control the seas and sit there until their enemies are exhausted." In one of his first wartime statements he suggested that the United States sell only defensive weapons to the Allies, excluding such things as heavy bombers, which by involving us in offensive warfare against civilians would incur lasting ill will.

Three days after the French surrender to Hitler, Hoover made his quadrennial address to the Republican national convention. Perhaps to spike a current rumor that he wanted to lead a Hoover-Lindbergh isolation ticket, he acknowledged that we could no longer be insulated against great world wars. "There is no such thing as economic isolation. . . . There is no such thing as moral isolation." But he repeated his warnings against entering a democratic world crusade. "Whatever the outcome of this world cataclysm, whatever the solution of our domestic crisis," he advised gloomily, "the pattern of the world will not again be the same. Dictatorships, totalitarian economics, and militarism will long continue over a large part of the earth." America's proper task in this crisis was to arm itself for defense of the Western Hemisphere. In the meantime we might give cautious help to nations that were "fighting for their freedom."

Less than two months before Pearl Harbor, Hoover urged the nation to pursue neither an outright isolationist nor an interventionist foreign policy. We should simply concentrate on war production, send tools to Britain, and "await developments." With the help of our weapons England would be able to withstand a German invasion; we need not send men. By remaining at peace we could preserve our strength and "give real aid to reconstruction and stabilizing of peace when Hitler collapses of his own over-

reaching." Hoover made it clear that he expected a German collapse even if the Nazis should suffer no military defeat. In another statement he warned that if the United States joined Britain in the war and undertook an invasion of Europe, the preparations alone would take five years or more.

In 1942 Hoover collaborated with Hugh Gibson, a veteran American diplomat, in a book entitled *The Problems of Lasting Peace*, which set forth no less than fifty conclusions on how to make a lasting settlement. The Hoover-Gibson program was based upon a compromise between the extremes of isolation and American world dominion, and it accepted "the American idea of 1919 that peace should be built on fostering representative government." In general tone the proposals were strongly reminiscent of the position Hoover had taken at the close of the First World War. They called for a settlement that would nurture, and not strangle, the chances of representative government in the enemy nations, for a peace without plunder and revenge, for disarmament, and an international organization that would enforce peace by means of an international air force.

The key to the problem of peace, however, was in economics, and the postwar economic world envisioned by Hoover and Gibson was the same will-o'-the-wisp that Hoover had sought on the domestic front. A few of the fifty conclusions came strangely from one who had signed the Smoot-Hawley Tariff Act, particularly the suggestion that tariffs be no higher than will "preserve fair competition of imports with domestic production." The authors also favored international monetary stabilization, easy access to raw materials through equal prices and open markets, the disruption of monopolies and cartels, and the abolition of trade quotas and privileges.

Lasting peace [they declared] must include economic freedom regulated to prevent abuse. . . . The long view

should be to *restore international trade to free enterprise*. . . .

International economic freedom cannot function if there is to be a degree of domestic managed economy which stifles free enterprise, for then there would be no substantial force behind private trading, and government must take over.

One cannot escape the feeling that the authors were prescribing a peace for the wrong war. Were they not proposing again that an essentially Wilsonian settlement be made, but without Wilson's mistakes? Hoover had always had criticisms of Wilson, but they concerned means, not ends. (Wilson, he declared in 1942, "made a magnificent fight" for "the best ideals of America.") A few things that were vital to Wilson were of small concern to Hoover—for example, the independence of the smaller nations.¹⁴ But on the whole it was the similarities, not the differences, that stood out. Freedom of the seas, removal (in some measure) of economic barriers among nations, the creation of some sort of League, open diplomacy, a "fair" adjustment of colonial claims, disarmament, a sanely merciful settlement, no annexations or indemnities—all these principles are shared by the historic Fourteen Points of 1918 and the fifty proposals of 1942.

Thus in world as in domestic affairs the keynote of Hoover's public career remained the same—a return to the conditions, real or imagined, of the past. Free trade, free enterprise, competition, open markets, open opportunities—this was the logic of *American Individualism* and *The*

¹⁴ It was the hostile attitude of Hoover and Gibson toward the small nations that caused Rebecca West to remark: "We have been bitten by the hand that fed us."

Challenge to Liberty projected on a larger scale. The future would be just like the past, but more so; we would go back, back to the rosier world of 1913—and even beyond that, for the men of 1913 themselves turned to the mid-nineteenth century for their governing principles.

Speaking to his party in 1940, Hoover explained his 1938 trip to Europe by saying that he had gone abroad 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*. "In every single case before the rise of the totalitarian governments there had been a period dominated by economic planners."

Here in all its rigidity was revealed Hoover's religious faith in the planless world of the free market. For a generation managed economies had been developing in all the industrialized nations of the world. This trend had been enormously spurred by the war. Hoover himself had said two years earlier that managed economies would "long continue over a large part of the earth." Could he have seriously believed that free enterprise might be restored to the postwar world? In all history no more heroic setting-back of the clock had ever been proposed. Since economic planning had become such a universal phenomenon, it might have been natural to ask: "If planning caused dictatorships, what caused planning? Was it, perhaps, the universal decline of the planless economy under the stewardship of the Hoovers?" That the New Deal might presage an American fascism, as Hoover insisted, was at least a possibility—one that conventional liberals generally refused to admit, but that Hooverism had brought a reaction toward the New Deal was a historical certainty. That there was anything natural, not to say inevitable, about this trend toward managed economies was a conclusion 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.¹⁵ No, it must be a series of unwise choices based on novel and fallacious thinking; things could easily have happened otherwise, it was simply a *strange coincidence, a curious universal mistake*. Perhaps, then, if we should gird ourselves for a new try, perhaps if we were Spartan enough and wise enough, if we would think a little straighter and work a little harder, we might leap out of the fading world of the twentieth century and land in the one that flourished so brightly in Hoover's mind.

But at times, it appears, even Hoover became tired of his own unheeded warnings, and at the Republican national convention of 1944 he dropped a hint of his weariness. Recalling his speeches at the two previous conventions, he said:

Each time I knew even before I spoke that our people would not believe that the impairment of freedom could happen here. Yet each subsequent four years has shown those warnings to have been too reserved, too cautious.

How frustrating it was to find one's predictions so startlingly confirmed and yet discover again and again that one

really had no audience! This very confession was made before a convention whose platform substantially capitulated to the Roosevelt domestic programs. Could it be true that the great American tradition was nearing its end because the people had no ear for spokesmen of the old faith? Could it be true that a salvation so plainly in sight, so near to our grasp, would be blindly refused? If this should come to pass, Herbert Hoover at least had earned his absolution. He had tried to lead the nation out of the wilderness and back to the comforts and splendors of the old regime. He had given his warnings and they had been spurned. Perhaps, after all, it was the spirit of the people that was not fundamentally sound.

¹⁵ At Madison Square Garden Hoover had said, October 31, 1932: "This thirty years of incomparable improvement in the scale of living . . . 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?" As Karl Mannheim observes in *Ideology and Utopia*, "Nothing is more removed from actual events than the closed rational system. Under certain circumstances, nothing contains more irrational drive than a fully self-contained, intellectualistic world-view."