Herbert Hoover on the Limits of Government
An Associative Analysis

The Evils of Individualism and Competition

1. As an engineer dedicated to efficiency, Hoover considered many kinds of competition wasteful.

2. Individual efficiency is the basis of national efficiency. The country must rely on individual virtues of energy, honesty, and self reliance or there can be no national economic strength, no social progress.

3. Excessive economic individualism in the form of anarchic competition breeds waste, inefficiency, overproduction, unemployment, and the evil of socialism!

4. There is no virtue in socialism—only a new feudalism that corrupts and weakens. A liberal order must be maintained through responsible, elite-led reform.

5. Capitalism can be reformed through voluntary association and cooperation, a natural process that government can help along.

Evils of Relying Excessively on Government

1. The use of coercive state power saps the energies and undermines the virtue of citizens.

2. Businesses fearful of government intrusion will not invest. By impairing the vital investment function, big government thus endangers growth and social progress.

3. Government investment is less efficient that private investment. Government cannot ignore the market, but it should nourish, not supplant it.

4. If voluntary, associative efforts to organize for efficiency are too slow, government should help, but later “wither away.”

Hoover’s Remedies

1. Use the Commerce Department as the instrument for a reorganization of government designed to improve government services to American business.

2. Through a system of conferences and committees, encourage organization and cooperation in the private business sector. Encourage formation of trade associations to promote exchange of information regarding production and prices.
3. Encourage the Justice Department and the Supreme Court to allow these new forms of cooperation (i.e., revise antitrust jurisprudence)

4. Through government services such as “Current Business,” aggressive promotion of industrial standards, and voluminous reports on opportunities for foreign trade and investment, enrich the informational climate so that individual firms, making their own private business decisions with the entire system in mind, can be the main instrument of economic stabilization.

5. To avoid politicization of the vital process of building economic and social knowledge, seek outside support from foundations and philanthropies for studies of the problems such as unemployment, “Recent Economic Changes,” and “Recent Social Trends.”

6. Use coercive government regulatory power sparingly, to rationalize “sick industries” such as coal, to order and stimulate new infrastructure industries such as aviation and radio, to promote consumption—especially in the highly cyclical construction industry, and to improve marketing in the chronically depressed farm sector.

6. In depressions, rely to the greatest extent possible on a combination of local and state-level counter-cyclical construction spending, charity, and relief managed through local, private, voluntary agencies.

Thought Projects For You


2. Discuss: was Herbert Hoover a synthesis of Teddy Roosevelt and Woodrow Wilson, or did he transcend their arguments and take modern liberalism to a new level?

3. What happened to Hoover’s “associative state” (liberal corporatism, corporate voluntarism) in the Great Depression? Was this the end of his system?

4. Given the analysis of corporate power by Berle and Means, do you think Hoover’s approach to the problems of capitalist governance would sufficiently control corporate power? What values deeply cherished by American might suffer?

5. Do we live in a Hooverian system today? If so, do you like it? How well does it foster citizenship, justice, equality, democracy, efficiency?