



**Gordon Lloyd & David Davenport**

# The New Deal & Modern American Conservatism

A Defining Rivalry

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## PREFACE

In the aftermath of the 2012 presidential election, there is almost a frenzy to explain what went wrong with Republicans and what conservatives must do to be a viable part of the national conversation. “Whither conservatism?” seems to be the political question of the day. Our answer is: Go back to come back. History often contains signposts for the way forward, and we think that is most certainly the case here.

The particular historical trail we propose to travel in this book started when we taught a course to public policy graduate students on “The Roots of the American Order.” We concluded that the American republic was defined and established in three crises during its history: (1) the Founding crisis, (2) the Civil War crisis, and (3) the Great Depression and New Deal crisis. We challenged students to understand what a crisis is, not from secondary sources but from the perspective of those who lived and led the way through it. Each of these crises defined or redefined the very nature of the American republic.

The more we studied the third crisis—the Great Depression and the New Deal of the 1930s—the more we realized it had established the frame for American domestic policy and the ongoing

debate between progressives and conservatives today. The debates between Franklin Roosevelt and Herbert Hoover in the 1930s sound very much like the campaign rhetoric of liberals and conservatives in 2012. Roosevelt's New Deal established the infrastructure on which President Obama and the Democrats are still building and expanding government. And Herbert Hoover articulated the core principles of modern American conservatism that resonate today.

As two colleagues who have written twenty-five or so op-eds together in recent years, and who taught these ideas on the faculty of the School of Public Policy at Pepperdine University, we decided it might be valuable to write this book to illuminate this historic frame. Before collaborating on this book, Gordon Lloyd had edited a volume that used original speeches and documents to create the Hoover-Roosevelt debate that never really occurred face to face: *The Two Faces of Liberalism: How the Hoover-Roosevelt Debate Shapes the 21st Century* (M & M Scrivener Press, 2006). More recently, we made a fuller exploration of Herbert Hoover's record as a conservative, both before and during the New Deal, in coauthoring a chapter, "The Two Phases of Herbert Hoover's Constitutional Conservatism." This will appear in a book edited by Joseph Postell and Johnathan O'Neill, *Toward an American Conservatism: Constitutional Conservatism during the Progressive Era*, to be published by Palgrave MacMillan in fall 2013.

In this book we go back again to the 1930s, but with the express purpose of coming back to public policy today. We seek to recapture a debate between Roosevelt and Hoover that has been lost, but which is timely today. In the name of addressing an economic emergency, an earlier generation was willing to trade in some of its liberty and reshape the republic on a temporary basis. But that emergency response never went away. Instead, it became what we call today "the new normal," a newly reshaped welfare state from which we continue to work, and to which we continue to add.

Chapter 1 reaches back to establish the New Deal frame and Herbert Hoover's response. Chapter 5 reaches forward to see where the debate might go from here, especially for conservatism. In the intervening chapters, 2 through 4, we take up what we see as the three pivotal issues, laying out the essence of the progressive-conservative debate between Hoover and Roosevelt in the 1930s in the first half of each chapter, then illustrating how those issues remain current in public policy today.

Our thanks to those who have assisted in our work on these Hoover-Roosevelt projects, including both the book chapter and this book: Tom Church and Carson Bruno, former Pepperdine students who are now at the Hoover Institution, and Dana O'Neill. And thanks also to Pepperdine graduate students Michael Crouch and Anthony Miller, who assisted in tracking down coverage of the fate of American conservatism.



# The New Deal and the Origin of Modern American Conservatism

## THE NEW DEAL AND HOOVER'S BURKEAN MOMENT

It is widely claimed that modern American conservatism was born in the 1950s with the publication of William F. Buckley's *God and Man at Yale* in 1951, Russell Kirk's *The Conservative Mind* in 1953, and, perhaps most important, the founding of *National Review* in 1955.<sup>1</sup> The ideas advanced in these publications—limited government, moral truth, free markets, and American sovereignty and strength, as summarized in *National Review's* founding mission—did launch an intellectual movement which soon enough advanced to the political arena, most visibly with the nomination of conservative Barry Goldwater for president in 1964 and the election of Ronald Reagan as president in 1980.

1. See for example, Jerome L. Himmelstein, *To the Right: The Transformation of American Conservatism* (Berkeley, CA: University of California Press, 1990), 15. See generally, George H. Nash, *The Conservative Intellectual Movement in America Since 1945* (Wilmington, DE: Intercollegiate Studies Institute, 1996), introduction and chapter 1.

But the search for the birth of modern American conservatism needs to reach back further than the 1950s. Even as the French Revolution of the eighteenth century prompted Edmund Burke's foundational conservative document, *Reflections on the Revolution in France*, establishing Burke as the father of modern conservatism, so too did modern America have its own revolution, President Franklin Roosevelt's New Deal, and its own contemporary conservative respondent, Herbert Hoover. Indeed, Hoover's and Roosevelt's writings and speeches, beginning with their presidential campaign in 1932, but especially after the New Deal began to be implemented in 1933, frame the progressive-conservative debate that has dominated the American political and policy landscape for the last eighty years and is still going strong.

In retrospect, we can now see more clearly that the New Deal was America's French Revolution, and the post-presidential Herbert Hoover, if not our Edmund Burke, was at least a prophetic voice crying in the progressive wilderness of the 1930s, pointing the way toward what has become modern American conservatism. As the influential conservative Frank Meyer wrote, the conservative *movement* of the 1950s was a delayed reaction to the New Deal.<sup>2</sup> But it's useful to return to both the New Deal revolution itself and the real-time reaction provided by Herbert Hoover.

When Hoover saw the revolutionary nature of the New Deal unfolding, he had what we might call a Burkean moment: a realization that to be an American conservative meant no longer cooperating or temporizing with progressivism within the American System, but shifting to become a defender of the American System against a progressive assault. In his public leadership as secretary of commerce and then as president, Hoover felt that progressivism could be assimilated into the American System through his two-fold

2. Frank S. Meyer, "Conservatism," in *Left, Right, and Center: Essays on Liberalism and Conservatism in the United States*, ed. Robert Goldwin (Chicago: Rand McNally, 1965), 1–17, at 3.

approach of “American individualism” and “constructive government.” But in this later phase, dominated by the sweeping changes of the New Deal, Hoover became a full-throated constitutional conservative, horrified by what he called the challenge to liberty from Roosevelt’s New Deal.<sup>3</sup> He saw the very constitutional system itself, as well as the constitutional morality of the American people, poisoned by “a revolutionary design to replace the American System with despotism.”<sup>4</sup>

What exactly did Hoover mean by the American System? He meant a system in which individual freedom and equal opportunity lead to a sense of responsibility which inspires Americans to take care of each other while pursuing their own and their communities’ best interests, unhindered by government bureaucracy or central planning, both of which lead to despotism. The American System limits government to those areas where it can do the most good (public education, the Federal Reserve System, maintenance of protective tariffs) but otherwise trusts public life to the self-government of individuals acting in voluntary cooperation, from labor relations and scientific research to religious expression and charitable organizations.

Even as historian J.G.A. Pocock argued that revolutionaries confront a “Machiavellian Moment” when they come face to face with the problem of how to govern,<sup>5</sup> a Burkean moment occurs when conservatives come face to face with the problem of how to resist revolutionary change with which they strongly disagree. There are

3. Joseph Postell and Johnathan O’Neill, eds., *Toward an American Conservatism: Constitutional Conservatism during the Progressive Era* (New York: Palgrave Macmillan, publication expected 2013).

4. See Gordon Lloyd, ed., *The Two Faces of Liberalism: How the Hoover-Roosevelt Debate Shapes the 21st Century* (Salem, MA: M & M Scrivener Press, 2007), 123–139, where Hoover contrasts the American System of ordered liberty with a new deal that would “alter the whole foundations of our national life.”

5. J.G.A. Pocock, *The Machiavellian Moment: Florentine Political Thought and the Atlantic Republican Tradition* (Princeton, NJ: Princeton University Press, 1975).

really two choices: to flee or to fight. When Hoover understood, like Burke in his day, that a revolution in values and institutions was taking place, he sought to stop it in its tracks. In fact, the record shows that the one person who spoke most, wrote most, and campaigned most—and most coherently—against the New Deal as it unfolded was Herbert Hoover. And even though he was unable to persuade a majority of Americans at the time, his arguments against the New Deal's transformation of America laid out the case that would eventually become known as modern American conservatism.<sup>6</sup>

## TWO REVOLUTIONARY MOMENTS

Richard Price, the British moral philosopher and preacher of the eighteenth century, argued that there was a fundamental harmony among the Glorious English Revolution of 1688, the American Revolution of 1776, and the French Revolution of 1789. All three revolutions, Price argued, represented the almost inevitable victory of the forces of democracy over the old and unjust monarchical and aristocratic order. Not so, said his countryman Edmund Burke, pointing out that the French Revolution was different in character from its English and American counterparts. The French Revolution was dangerous, Burke wrote, because it was driven by “envy,” especially envy toward the holders of property. It contemplated nothing less than the total destruction of the old order, since the revolutionaries despised the past, and a complete revamping of the role that government would play in the daily life of the people. It was as though Burke understood that the British and American revolutions were fundamentally political, whereas the French Revolution was primarily social in nature.<sup>7</sup>

6. Herbert Hoover, *The Challenge to Liberty* (New York: Charles Scribner's Sons, 1934), and his 1928 campaign speeches in *Two Faces of Liberalism*, 35–47.

7. Edmund Burke, *Reflections on the Revolution in France* (Indianapolis: Liberty Fund, 1999). He wrote this as a response to Richard Price's 1789 sermon, *A Discourse*

It is useful to distinguish a political revolution—a fundamental alteration in the form of government—such as occurred in Britain and the United States from the larger social revolution in France. The British revolution constitutionalized the monarchy. The American Revolution replaced the British monarchy and its overseas empire with thirteen state-based republics joined together in a federal union. The Founders debated for eighty-eight days how to construct the legislative, executive, and judicial branches, as well as how to divide the powers between the nation and the states. But not once did they debate social issues such as public relief, national festivals, or *ancien* regimes. Burke said the American and British revolutions were essentially restorations, but the French Revolution was a dangerous and total transformation of the political, social, and economic order into something the world had never before seen. This was a true revolution, one that was linear and thus progressive, not circular and restorative in character.

The case for the French Revolution is found in the works of J.J. Rousseau and his protégés. Their approach focuses not on governmental structures but on community, solidarity, and ensuring *égalité* (what we would call today equality of outcome). Competition is opposed because of its supposed vices of selfishness and greed. At the core of the Rousseau narrative is a turning away from the very existence of wealth and its unequal distribution which comes with the improvement of the human condition. Instead, he held that a system that abides or even encourages competition is socially and ethically flawed because it produces an unacceptable distribution of property and power. This, of course, has become the philosophy behind the equality narrative that was part and parcel of the New Deal as well as public policy in the age of President Obama. The social issue becomes a political issue and the role of government

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*on the Love of our Country*, republished in *The Norton Anthology of English Literature*, 8th edition (New York: W.W. Norton & Company, 2006).

shifts from being an arbiter of the disputes among the numerous and varied interests of society to being a major player in the production and distribution of national income and wealth.<sup>8</sup>

The Burkean moment then, experienced by Hoover in the 1930s and by conservatives ever since, was the realization that liberty is in danger. It is not so much that Western civilization is in danger as that American liberty is in danger. As Hoover said of Roosevelt then, and many have said of Obama today, the progressive regime would move America more toward the European model of statism and socialism-lite. It would turn its back on constitutional government established by the Founders to the extent necessary to achieve its social and political goals. Hoover's Burkean moment prompted him to realize that the very nature of the American regime was changing with the New Deal and that these fundamental and sweeping changes had to be resisted. Thus was modern American conservatism born as a response to the revolutionary New Deal.

## THE NEW DEAL AND HOOVER'S RESPONSE

Franklin Roosevelt saw the 1932 election as an opportunity to transform the American System from its attachment to a conservative past to a utopian quest for a secure future. The federal government should "assume bold leadership," he said in his July 2, 1932, address accepting the presidential nomination, noting that the laws of economics to which Herbert Hoover and others had been attached were not "sacred, inviolable, unchangeable" at all, but made by human beings. As political scientist and historian Ira Katznelson

8. J.J. Rousseau, *The First and Second Discourses*, ed. Roger D. Masters (New York: St. Martin's Press, 1964); Rousseau, *On the Social Contract*, ed. Roger D. Masters, (New York, St. Martin's Press, 1978). For our purposes, it is sufficient to note that Rousseau and his followers argued that private property is theft and that individual rights generally are derived from and are subject to the will of the community. Furthermore, political institutions such as the separation of powers and federalism are undemocratic restraints on the direct and authentic voice of the people.

concluded in his recent book: “In a decisive break with the old, the New Deal intentionally crafted not just a new set of policies but also new forms of institutional meaning, language, and possibility for a model that had been invented 150 years before,” adding that it “retrofit[ted] capitalism and shap[ed] a welfare state.”<sup>9</sup>

In the breathless first hundred days of the New Deal, a vast array of emergency legislation was enacted. Although these enactments were considered by Congress, they were drafted by the executive branch and subjected to very little debate. Part of the New Deal revolution that has persisted is that these new measures consistently shifted power from the legislature to the expert administrators of the executive branch. In all, some forty new administrative agencies, referred to by historians as the alphabet soup agencies, were formed in the first year of the New Deal. The most sweeping law, the National Industrial Recovery Act, gave the president incredibly broad new powers over industry and enabled the creation of massive public works programs. Republican Congressman Charles Eaton of New Jersey said at the time that it was the New Deal’s effort “to remake the entire structure” of American capitalism. The US Supreme Court later ruled that its broad delegation of power to the executive branch was unconstitutional, though much of the law remained.<sup>10</sup> As is noted in chapter 3, the federal government grew dramatically in size and power during the New Deal.

In the name of taming an economic crisis, President Roosevelt undertook emergency measures to reshape the federal government, few of which went away when the recovery was completed. Roosevelt practiced what President Obama’s former chief of staff, Rahm Emanuel, later preached: it’s a shame to waste a good crisis. In a very real sense, the New Deal managed to reinvent and reshape

9. Ira Katznelson, *Fear Itself: The New Deal and the Origins of Our Time* (New York: Liveright Publ. Corp., 2012), 6 ff.

10. *A.L.A. Schechter Poultry Corp. v. United States*, 295, US 495, 55 S. Ct. 837, 79 L. Ed. 1570 (1935).

the federal government in ways that still form the basic shape of American domestic policy today.

Even before the New Deal was implemented, Herbert Hoover saw that Roosevelt intended major changes. In a speech at Madison Square Garden on October 31, 1932, near the end of the presidential campaign, Hoover said that Roosevelt's proposed programs were not the kind of "change that comes from normal development of national life," rather proposing to "alter the whole foundation of our national life . . . and of the principles upon which we have builded the nation." In particular, Hoover continued, over against the decentralization and self-government intended by the Founders, Roosevelt proposed a "centralization of government [that] will undermine responsibilities and destroy the system." The New Deal proposals, he concluded, "represent a radical departure from the foundations of 150 years which have made this the greatest nation in the world." In a statement that affirms the argument of this book, Hoover said the 1932 election was "a contest between two philosophies of government" and would decide "the direction our nation will take over a century to come."

We find in Hoover's response to Roosevelt's New Deal two fundamental arguments that frame the philosophy of modern American conservatism. First, Hoover argued that the New Deal challenged individual liberty, which was not only a political but also a moral and even spiritual matter. Second, it also challenged the Constitution, both the fundamental rights it guarantees and its system of a decentralized government of checks and balances and balances of power. Instead, the New Deal would transform the federal government's role into one of heavy regulation and regimentation. These core conservative messages, which constitute the origin of twentieth-century American conservatism, are—or at least should be—the core message of conservatives even today.<sup>11</sup>

11. We rely heavily on the original Roosevelt and Hoover source material selected and edited by Gordon Lloyd. See Lloyd, ed., *The Two Faces of Liberalism*.

## THE CHALLENGE TO LIBERTY

Hoover's first tenet was that the New Deal challenged individual liberty, a message that resonated more powerfully than today when people, especially younger people, have become more comfortable with big government. In his 1934 book, *The Challenge to Liberty*, he argued that "the spiritual and intellectual freedoms cannot thrive except when there are also economic freedoms." This argument was central to the later contributions of F.A. von Hayek in *The Road to Serfdom* and Milton Friedman's *Capitalism and Freedom*, two books that have guided twenty-first-century defenders of conservatism. In his "Crisis to Free Men" speech on June 10, 1936, at the Republican National Convention, Hoover argued that the Roosevelt programs had crushed "the first safeguard of liberty" in their quest for a new order by the substitution of personal power for independently cast electoral votes. In his 1938 speech, "The Challenge to Liberty," Hoover again argued that philosophical case for liberty, pointing out that there had been "a gigantic shift of government from the function of umpire to the function of directing, dictating, and competing in our economic life."

But there was an important new emphasis in Hoover's defense of liberty that was not as prominent in the pre-New Deal Hoover, namely that "liberty is an endowment from the Creator of every individual man and woman upon which no power . . . may deny." This appeal to "unalienable rights" as the moral foundation of liberty was not in the forefront of Hoover's earlier work, when he thought that the American contribution to "human betterment" was based in the blending of traditional American values of rugged individualism and equality of opportunity with the "constructive government" contribution of a tamed progressivism.<sup>12</sup>

12. Herbert Hoover, *Challenge to Liberty*, 3.