

July 31, 1936.

Mr. Fahey

Hoover Conferences on  
Unemployment and Relief.

Attached is a review of the three conferences held between 1921 and 1932 to deal with the problems of unemployment and economic depression. The first conference was called by President Harding and sponsored by Mr. Hoover as the Secretary of Commerce. It was held from September 26 to October 31, 1921. The second conference was called by President Hoover and was held the latter part of November and early December, 1929. This conference was presided over by Secretary of Commerce Lamont, and is frequently referred to as "The First Hoover Conference". The third conference was held August 26, 1932 and was presided over by Secretary of Commerce Lamont. This is commonly referred to as "The Second Hoover Conference".

A careful study of the reports of these three conferences makes clear (1) that the committees which were formed recognized and expressed a need of Federal leadership and support in developing and carrying out any remedial or constructive program, (2) that the development of public works on a large scale was a major need and was one of the most promising avenues of employment and restoration of public confidence, and (3) that nothing substantial was accomplished by these conferences because the recommendations made by the committees did not result in any positive action. This failure is obviously due to the fact that no cohesive force was created to organize and direct public sentiment and to mobilize national resources in execution of a concrete plan of public action.

In each of the two conferences called by Mr. Hoover as President, he worked sedulously (1) to induce private industry to assume its share of direct burden and (2) to persuade local and State governments to inaugurate, encourage and finance public works wherever necessary or justified as self-liquidating projects or as a means of providing employment in lieu of public relief or doles.

A general summary of the three conferences follows, supplemented by a series of quotations from major speeches and reports.

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## History of Important National Conferences, 1920-1932

In chronological order, the following Conferences were the most important during these twelve years:

1. President Harding's Unemployment Conference, September 26 to October 13, 1921
2. President Hoover's Unemployment and Business Conference, during the weeks of November 16 and December 5, 1929
3. President Hoover's Second Conference - The National Conference of Business and Industrial Committees of the 12 Federal Reserve Districts, August 26, 1932.

### I. President Harding's Unemployment Conference

Both President Harding and Secretary of Commerce Hoover approached the emergency problems with the view that the entire deflation and unemployment were due to the aftermath of the World War. It was emphasized that before relief measures could be put into effect, reliable data as to the extent, geographical and industrial distribution of unemployment must be obtained. There was to be no drain upon the public purse, nor any resort to public doles. Secretary Hoover declared that remedies for unemployment "must not include any legislative program." ("The Evening Star," September 26, 1921)

Concrete measures recommended were concentrated on securing the cooperation of cities, communities and industry. Prime factors were to be education, voluntary cooperation and self-sacrifice, supported by a returning public confidence generated by the optimistic statements issued from the White House and by Secretary Hoover at frequent intervals. The Steering Committee secured support for a platform of unemployment relief regarded as primarily a community problem. The necessity for Federal leadership was recognized in proposals for the expedition of construction of public buildings and public works covered by existing appropriations, and by proposals for a Congressional appropriation for roads. However, attempts to inaugurate a relief program of public works were promptly tabled. Any attempts to secure a legislative program were promptly rejected. A proposal for a Federal bond issue to create a fund for making loans to aid municipal public works in years of depression, although recommended by the Conference Advisory Committee, was never adopted. No action was taken on the recommendation of the State Highways Commission that if the War Department would immediately turn over to the various state highway commissions part of its surplus supplies available for road construction, such could be done to solve unemployment.

At that time, the Administration's concept of the duty of the Federal Government, as stated by Mr. Hoover, was "to mobilize the intelligence of the country that the entire community may be instructed as to the part they may play in the effecting of such solutions."

Optimistic statements were issued, stating that the National Conference "had accomplished extraordinary results," that only one-fifth of the idle needed help at once, and that, in the belief of Secretary Hoover, the purpose of the Conference was to "get by the winter months without calling upon the public purse."

On October 13, the Conference adjourned sine die, and provided for the appointment of a standing committee under the Chairmanship of Herbert Hoover to continue the work of emergency organization throughout the country, and to appoint sub-committees to work on future reports. (Attached to this memorandum is a list of all the members of the President's Conference on Unemployment, together with the membership of the Standing Committee and the 15 sub-committees.) On October 16, the nation-wide railroad strike affectively shunted all news of the Conference from the front page. On October 20, Governor Miller of New York, at a luncheon conference on unemployment, reiterated the actual stand taken by the Conference in stating that "effective action on unemployment (can be secured) only by the greatest degree of decentralization." He emphasized the fact that the whole problem of unemployment could not be handled from the National Capital.

## II. President Hoover's Unemployment and Business Conference of December 5, 1929.

By the time that President Hoover called his preliminary White House conference of prominent bankers, business men, and public utilities' executives during the week of November 16, 1929, to make plans to save the country from the effect of the stock market panic, the attitude of the administration had not materially altered. President Hoover emphasized the fact that this preliminary conference would undertake not only to stimulate the construction of public works by the Federal government and local governments, but would attempt to induce private industry to divert into construction part of the capital they had invested in the speculative market. The banks were urged to avail themselves freely of the rediscount privilege offered by the Federal Reserve Banks, and President Hoover issued a statement immediately after the conference praising the development of cooperative spirit and responsibility in the American business world and relying on the assumption by the business interests of the country of the "responsibility of the mobilization of the industrial and commercial agencies."

This preliminary conference considered it desirable that some definite organization be established under a committee representing the different industries and sections of the business community. This committee was to carry forward the plan of getting capital back into industry, to provide for the extension of credit for local building purposes, and for the conduct of smaller business. The President did not wish to take the responsibility himself of appointing such a committee, so the Chamber of Commerce of the United States agreed to call such a general conference in order to appoint an executive committee to serve in an advisory capacity to President Hoover.

Before this conference met, President Hoover had sent his message to Congress recommending expansion of public works and increased appropriations for waterways, flood control, and highway construction. In that message to Congress, President Hoover stated on December 3, 1929:

"We cannot fail to recognize the obligation of the government in support of public welfare . . . I have instituted voluntary measures of cooperation with business and local governments to make certain that fundamental businesses continue as usual . . . I am convinced that through such measures we have re-established confidence."

He recommended additional Federal contributions to highway construction.

The Chamber of Commerce conference, called at President Hoover's suggestion, opened on December 5, 1929. In his address before the opening session of the conference, President Hoover stressed the importance of construction and maintenance work. He said in part: "It has long been agreed by businessmen and economists that this great field of expansion could, by its acceleration in time of need, be made into a great balance wheel of stability. I believe that with the great back-log which is already assured by the governmental institutions and public works, we will be able to build up construction and maintenance activities in 1930 to a higher level than in 1929."

President Hoover went on to analyze the difficulties which were to be met by the Conference, and said: "The cure for such storms is action; the cure for unemployment is to find jobs." He described the three steps to be taken in the recovery of confidence as (1) continued stability of the banking situation through the effectiveness of the Federal Reserve System; (2) voluntary agreement among employers that no movement would be made to reduce wages and assurances from labor leaders that labor conflicts would be allayed; (3) continuance and expansion of the construction and maintenance work of the country through the voluntary organization of industry.

President Hoover concluded with a statement of his conception of Federal responsibility in the emergency. He emphasized his belief that stability and progress must come through voluntary action, and that the conference was "a request from the government that you cooperate in prudent measures to solve the national problem . . . Beyond this, a responsibility for stability and prosperity rest with the whole people." In effect, President Hoover had stated that the business interests of the country were to be organized immediately on a nation-wide basis to cooperate with the government, although he emphasized the fact that "this is not dictation nor interference by the government with business."

Secretary Lamont on this same day discussed the work of the Federal government in promoting public works. He said: "Preliminary results show a larger volume of public works than we had first believed—above \$2,500,000,000. So far as the Federal government is concerned, expenditures for public works are running substantially higher than for several years past. The President is asking for additional appropriations to increase the construction program. There is every reason for believing that whatever slowing up there may be immediately ahead of us, it will be for a short duration."

Julius Barnes, Chairman of the Board of the United States Chamber of Commerce, supported this analysis by stating that "If construction and maintenance can take up slack in general business activity, we can hope to maintain the level of business stability." Government economists hastened to predict that industrial recovery would be complete in four months. Industrialists pointed out that the organization which had been effected under the leadership of the President was merely temporary until business prosperity had resumed its normal level.

Several of the business men who attended President Hoover's Conference on December 5, 1929 urged that industries and interested citizens should organize to deal with the problem in very much the same manner that committees were to organized under the Wilson Administration during the war. At that time, hundreds of committees, representing every branch of industry and every phase of public interest in every city in the United States, were centralized in the War Industries Board in Washington and in a Council of National Defense. These two committees and the vast numbers of regional, state and local committees under them were kept at work and were highly useful in carrying out the country's objectives during the war.

It was such an organization as this, sponsored and directed by the Government itself, which was needed to deal with the depression and such major problems as employment and the maintenance of industrial production and consumption. Instead, President Hoover conceived the problem as one to be handled by a small hand-picked group of industrial leaders selected by the United States Chamber of Commerce. This group was to develop a plan and to advise him whenever he requested advice. A resolution was introduced and passed at the White House Conference specifically stating that Julius H. Barnes (intimate and personal friend and former business associate of the President) should name such a committee, in accordance with the expressed wish of the President. The Committee consisted of:

Julius H. Barnes, Chairman; Elbert L. Carpenter, Charles Cheney, Stuart W. Cramer, Harry Chandler, Pierre S. DuPont, Walter S. Gifford, Cornelius F. Kelley, Thomas W. Lamont, John G. Lonsdale, George Horace Lorimer, Alvan Macauley, Lewis E. Pierson, Henry M. Robinson, Paul Shoup, James Simpson, Silas H. Strawn, Myron C. Taylor, Walter C. Teagle, David Whitcomb, Clarence W. Woolly and Owen B. Young.

As far as can be ascertained, this Committee, appointed on December 5, 1929, held but one meeting (January 23, 1930). The President never met with the Committee, and there is no evidence that the Committee reported to him its recommendations. As a result of the failure of the President and the Committee to propose a comprehensive program and to set up machinery for putting its plan into effect, the whole effort was abortive. The business situation, which was allowed to drift, became steadily worse, and the Committee, recognizing its impotence, completely faded out. A series of reports on business conditions were issued by this Committee from month to month until March, 1931, when they stopped. Not one of the reports contained any facts or figures concerning the constantly increasing unemployment. By March of 1930,

it was necessary to report that "the totals of export trade in the first two months of 1930 showed a noticeable falling off from the first two months of last year." It was also recorded in March that "the reports from the various industries indicate that the importance laid upon construction as an influence in restoring industrial balance has not been over-emphasized. They show that for a revival of construction in its manifold forms, a first requirement is adequate and reasonably priced credit."

### III. President Hoover's Second Conference, August 26, 1932 - National Conference of Business and Industrial Committees of the Twelve Federal Reserve Districts

The sentiment created by reports from the Executive Committee under Julius Barnes helped to create a favorable sentiment in the stock market in the spring of 1930, but further organized work was not carried on. In the spring of 1932, a Committee was formed to improve the credit situation in the New York Federal Reserve District by interested business men in New York City. It was suggested to President Hoover that similar committees be formed in the other Reserve Districts, and at the end of July, President Hoover announced that he had called another National Conference to act further upon this suggestion. In a preliminary announcement on August 15th, the purpose of the Conference was announced by President Hoover as an attempt "to coordinate the mobilization of private and governmental instrumentalities." He further stated that the Conference would aim at "organizing a concerted program of action on the whole economic front." On July 29th, President Hoover had announced that "preliminary conversations were in progress between Republican heads of the Government instrumentalities and private groups in business and industry as to such a program." (It was at this time that the "Washington Post" gave a brief sketch of President Hoover's activities since 1929 in forming a line of defense, pointing out that the White House had been the focal point about which the campaign against hard times had constantly centered. In their opinion, the President had gone far beyond his duty as Chief Executive of the Nation in assuming leadership of the private interests which were fighting against hard times. It was their conclusion that confidence was gradually being restored, and that the coordination accomplished by the Conference would increase such sentiment. Their conclusion was that "the President has no thought of involving this Government in the work of stimulating economic forces.")

On August 26, 1932, this Conference opened to consider plans for the greater expansion of credit and employment. An Executive Committee, headed by Henry M. Robinson of Los Angeles, was appointed to cooperate with the twelve Committees already organized in the twelve Federal Reserve Districts. These Committees included practically every man on the first Committee appointed by Chairman Barnes under the President's direction in December, 1929. President Hoover's address to the Conference emphasized the fact that aid given by the Federal Government should be of a coordinating character and not such as to supplant or weaken, but rather to supplement and strengthen, the initiative and enterprise of the people.

The Executive Committee made its first report on October 30, 1932, and reported progress "in assisting distressed mortgagees," "in looking into credit requirements of small business," "in the extending of capital expenditures by private interests," and in carrying on "a much larger amount of highly essential contact work." No record has been found of any subsequent reports or announcements.

The Trend in the Government's Conception of Its Responsibility In Connection With the Relief of Unemployment and the Recovery of Industry as Revealed by the President's Conferences, 1921-1932

It was clearly the conviction of governmental spokesmen at the time of the unemployment conference in 1921 that no remedies were to be sought through unusual Federal expenditures. Attempts to inaugurate a relief program were blocked as also were attempts to secure a legislative program. Although various recommendations were made approving Federal leadership and encouragement for the expansion of public works, little action was taken. The prime factors were to be education, voluntary cooperation and sacrifice supported by a return of public confidence.

By the time of the business conference called by President Hoover in December 1929, a certain shift in the official attitude toward government responsibility for the functioning of the economic system was perceptible. In his message to Congress shortly before the conference, President Hoover spoke of the "obligation of the government in support of public welfare" and definitely recommended increased construction of public buildings and increased Congressional appropriations for waterways, flood control, and highway construction. In speaking before the conference, Mr. Hoover again stressed the importance of construction and maintenance work and the Federal government's leadership in expanding public works.

In spite of this apparent acceptance by the government of the public works' theory of stimulating recovery, there were several indications that no considerable departure was to be made from the views expounded in 1921. Emphasis was laid upon the voluntary nature of the business program of cooperation in maintaining industrial production. The psychological nature of the slump was stressed and combated by a flood of optimistic statements by business leaders and government officials. Industrialists also hastened to point out that their organization under the leadership of the President was merely a temporary one.

By 1932 the national economic situation was far more grave and by force of circumstances the administration was compelled to enact measures which took it considerably away from the position voiced in 1921. Mr. Hoover viewed the situation as needing a vigorous and well coordinated national program to expand employment and ease commercial credit. In February, 1932, President Hoover asked Col. Frank Knox to head a nation-wide drive to combat hoarding. During this campaign Col. Knox recommended that Congress enact a sales tax and provide \$300,000,000 for the relief of distress, but at the same time urged that the budget be balanced and governmental costs reduced.

Other measures which indicated an increasing assumption by government of responsibility for the financial solvency and encouragement of private enterprise were the acts which created the Reconstruction Finance Corporation, the Federal Home Loan Bank System, and provided for an extension of Federal loans of assistance to agriculture.