23-1 | Defeated President Explains the Cause of the Depression

HERBERT HOOVER, Letter to Simeon Fess (1933)

Herbert Hoover’s efforts in war-ravaged Belgium as head of the U.S. Food Administration earned him international acclaim as a humanitarian, a reputation that did not survive his presidency. When the stock market crashed, President Hoover’s conservative economic principles restrained government action based on the idea that the market was self-correcting and the tide would soon turn. His “too little too late” approach disillusioned many Americans and led to Roosevelt’s victory in the election of 1932. In this 1933 letter to Senator Simeon Fess written just weeks before the inauguration, Hoover offers his own history of the great crash.

February 21, 1933

Hon. Simeon D. Fess
United States Senate
Washington, D.C.

My dear Mr. Senator:

I am glad to respond to your request that I put in writing for your records, the statement I made to you yesterday as to the economic situation at the moment, and the causes thereof.

Today we are on the verge of financial panic and chaos. Fear for the policies of the new administration has gripped the country. People do not await events, they act. Hoarding of currency, and of gold, has risen to a point never before known; banks are suspending not only in isolated instances, but in one case an entire state. Prices have fallen since last autumn below the levels which debtors and creditors can meet. Men over large areas are unable or are refusing to pay their debts. Hundreds of millions of orders placed before election have been cancelled. Unemployment is increasing, there are evidences of the flight of capital from the United States to foreign countries, men have abandoned all sense of new enterprise and are striving to put their affairs in defense against disaster.

Some days before election the whole economic machine began to hesitate from the upward movement of last summer and fall. For some time after election it continued to hesitate but hoped for the best. As time has gone on, however, every development has stirred the fear and apprehension of the people. They have begun to realize what the abandonment of a successful program of this administration which was bringing rapid recovery last summer and fall now means and they are alarmed at possible new deal policies indicated by the current events. It is not this fear that now dominates the national situation. It is not lack of resources, currency or credit.

The incidents which have produced this fear are clear. There was a delay by the President-elect of over two months in willingness to cooperate with us to

Herbert Hoover to Simeon D. Fess, February 21, 1933, Simeon D. Fess Papers, National Archives.
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1 D. Fess Papers, National Archives.
not be successful; the passage of a group of inflationary measures including the Patman Bill, the Goldsborough Bill, etc. The passage of a series of projects which would have required greater issues of government securities than the Treasury could support including the Garner Bills for gigantic public works and unlimited loans by the Reconstruction Corporation, etc. Public confidence was destroyed; hoarding, withdrawal of foreign gold, decrease in employment, falling prices and general economic demoralization took place.

The fourth period began about the adjournment of Congress when it was assured that these destructive measures were defeated and that constructive measures would be held. This period extended from July until October and was a period of even more definite march out of the depression. Employment was increasing at the rate of half a million men a month, bank failures ceased, hoarded currency was flowing back steadily and gold was returning from abroad, car loadings, commodity and security prices and all the other proofs of emergence from the depression were visible to every one. Fear and despair had again been replaced by hope and confidence.

The fifth period began shortly before election when the outcome became evident, and has lasted until today. I have already recited its events.

The causes of this terrible retrogression and fear in this fifth period have an exact parallel in the third period of last spring. The fact that there was no disavowal of the actions of last spring by the Democratic candidates during the campaign lends added color and alarm that the same actions and proposals which are now repeated in this period positively represent the policies of the new administration—and the people are seeking to protect themselves individually but with national damage. The movement forward in recovery of our people is again defeated by precisely the same factors as last spring and again emanating from the Democratic leaders.

In the interest of every man, woman and child, the President-elect has, during the past week, been urged by the saner leaders of his own party such as Senator Glass and others, by myself, and by Democratic bankers and economists whom he has called on for advice, to stop the conflagration before it becomes uncontrollable, by announcing firmly and at once (a) that the budget will be balanced even if it means increased taxation; (b) new projects will be so restricted that government bond issues will not in any way endanger stability of government finances; (c) there will be no inflation or tampering with the currency; to which some have added that as the Democratic party coming in with an overwhelming majority in both houses, there can be no excuse for abandonment of Constitutional processes.

The President-elect is the only man who has the power to give assurances which will stabilize public mind as he alone can execute them. Those assurances should have been given before now but must be given at once if the situation is to be greatly helped. It would allay some fear and panic whereas delay will make the situation more acute.

The present administration is devoting its days and nights to put out the fires or to localize them. I have scrupulously refrained from criticism which is
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well merited, but have instead been giving repeated assurances to the country of 
our desire to cooperate and help the new administration.

What is needed, if the country is not to drift into great grief, is the immediate 
and emphatic restoration of confidence in the future. The resources of the 
country are incalculable, the available credit is ample but lenders will not lend, and 
men will not borrow unless they have confidence. Instead they are withdrawing 
their resources and their energies. The courage and enterprise of the people still 
exist and only await release from fears and apprehension.

The day will come when the Democratic party will endeavor to place 
the responsibility for the events of this Fifth period on the Republican Party. When 
that day comes I hope you will invite the attention of the American people to the 
actual truth.

Yours faithfully,
HERBERT HOOVER

READING AND DISCUSSION QUESTIONS

1. What does the tone of Hoover's letter to Senator Fess suggest about his perspec-
tive on the depression and the actions of president-elect Roosevelt? Why do you 
think he wrote this letter?

2. What conclusions can you draw concerning the policy differences Hoover had 
with the incoming administration? What can you infer about Hoover's under-
standing of the causes and remedies of the Great Depression?

23-2 | President Inspires Depressed Nation with Promise of Action

FRANKLIN D. ROOSEVELT, Inaugural Address (1933)

During the 1932 election, Roosevelt's campaign had exuded a desperately needed optimism 
in the face of the worst economic collapse in American history. His inaugural address, where 
he allayed the fear Americans felt, called for immediate action, a counterpoint to the more 
conservative approach of his predecessor, who had presided over the first years of the Great 
Depression. Roosevelt's call for "action, and action now" anticipated the frenzy of his first 
hundred days, when he launched the programs collectively described as the New Deal.

I am certain that my fellow Americans expect that on my induction into the 
Presidency I will address them with a candor and a decision which the present 
situation of our Nation impels. This is preeminently the time to speak the truth, 
the whole truth, frankly and boldly. Nor need we shrink from honestly facing

Franklin D. Roosevelt, Inaugural Address, March 4, 1933. Online by Gerhard Peters and John T. 
with the clean satisfaction that comes from the stern performance of duty by old and young alike. We aim at the assurance of a rounded and permanent national life.

We do not distrust the future of essential democracy. The people of the United States have not failed. In their need they have registered a mandate that they want direct, vigorous action. They have asked for discipline and direction under leadership. They have made me the present instrument of their wishes. In the spirit of the gift I take it.

In this dedication of a Nation we humbly ask the blessing of God. May He protect each and every one of us. May He guide me in the days to come.

READING AND DISCUSSION QUESTIONS

1. Compare the tone of Roosevelt's address with the tone of Hoover's letter (Document 23-1). How much of the difference between the two can be attributed to the nature of the source (a speech vs. a private letter), the occasion, or the personality of those involved?

2. What might Roosevelt's audience have anticipated about his approach to solving the economic crisis based on his inaugural address? Which lines might have cheered those hit hard by the depression? Which lines might have worried big business?

23-3 | Outflanking Roosevelt with Plan to Share the Nation's Wealth

HUEY LONG, “Every Man a King” (1934)

Two years into the New Deal, recovery still seemed distant for many Americans. Their continued despair buoyed the political ambitions of Democratic senator Huey Long from Louisiana. A brilliant orator and political operator, Long took advantage of the new popularity of radio to blast the New Deal's failures and cultivate a national audience for his radical “Share Our Wealth” program. Long's presidential ambitions, which could have compromised Roosevelt's support, were cut short when an assassin's bullet silenced him in 1935.

We have in America today more wealth, more goods, more food, more clothing, more houses than we have ever had. We have everything in abundance here.

We have the farm problem, my friends, because we have too much wheat, and too much corn, and too much potatoes.

We have a home loan problem, because we have too many houses, and yet nobody can buy them and live in them.
We have trouble, my friends, in the country, because we have too much money owing, the greatest indebtedness that has ever been given to civilization, where it has been shown that we are incapable of distributing the actual things that are here, because the people have not money enough to supply themselves with them, and because the greed of a few men is such that they think it is necessary that they own everything, and their pleasure consists in the starvation of the masses, and in their possessing things they cannot use, and their children cannot use, but who bask in the splendor of sunlight and wealth, casting darkness and despair and impressing it on everyone else.

We have in America today, ladies and gentlemen, $272,000,000,000 of debt. Two hundred and seventy-two thousand millions of dollars of debts are owed by the various people of this country today. Why, my friends, that cannot be paid. It is not possible for that kind of debt to be paid.

The entire currency of the United States is only $6,000,000,000. That is all of the money that we have got in America today. All the actual money you have got in all of your banks, all that you have got in the Government Treasury, is $6,000,000,000; and if you took all that money and paid it out today you would still owe $266,000,000,000; and if you took all that money and paid again you would still owe $260,000,000,000; and if you took it, my friends, 20 times and paid it you would still owe $150,000,000,000.

You would have to have 45 times the entire money supply of the United States today to pay the debts of the people of America and then they would just have to start out from scratch, without a dime to go on with.

So, we have in America today, my friends, a condition by which about 10 men dominate the means of activity in at least 85 percent of the activities that you own. They either own directly everything or they have got some kind of mortgage on it, with a very small percentage to be excepted. They own the banks, they own the steel mills, they own the railroads, they own the bonds, they own the mortgages, they own the stores, and they have chained the country from one end to the other until there is not any kind of business that a small, independent man could go into today and make a living, and there is not any kind of business that an independent man can go into and make any money to buy an automobile with; and they have finally and gradually and steadily eliminated everybody from the fields in which there is a living to be made, and still they have got little enough sense to think they ought to be able to get more business out of it anyway.

If you reduce a man to the point where he is starving to death and bleeding and dying, how do you expect that man to get hold of any money to spend with you? It is not possible.

Now, we have organized a society, and we call it “Share Our Wealth Society,” a society with the motto “Every Man a King.”

Every man a king, so there would be no such thing as a man or woman who did not have the necessities of life, who would not be dependent upon the whims and caprices and ipsi dixit of the financial barons for a living. What do we propose by this society? We propose to limit the wealth of big men in the country. There is an average of $15,000 in wealth to every family in America. That is right here today.
We do not propose to divide it up equally. We do not propose a division of wealth, but we propose to limit poverty that we will allow to be inflicted upon any man’s family. We will not say we are going to try to guarantee any equality, or $15,000 to a family. No; but we do say that one third of the average is low enough for any one family to hold, that there should be a guarantee of a family wealth of around $5,000; enough for a home, an automobile, a radio, and the ordinary conveniences, and the opportunity to educate their children; a fair share of the income of this land thereafter to that family so there will be no such thing as merely the select to have those things, and so there will be no such thing as a family living in poverty and distress.

We have to limit fortunes. Our present plan is that we will allow no one man to own more than $50,000,000. We think that with that limit we will be able to carry out the balance of the program. It may be necessary that we limit it to less than $50,000,000. It may be necessary, in working out the plans that no man’s fortune would be more than $10,000,000 or $15,000,000. But be that as it may, it will still be more than any one man, or any one man and his children and their children, will be able to spend in their lifetimes; and it is not necessary or reasonable to have wealth piled up beyond that point where we cannot prevent poverty among the masses.

Another thing we propose is old-age pension of $30 a month for everyone that is 60 years old. Now, we do not give this pension to a man making $1,000 a year, and we do not give it to him if he has $10,000 in property, but outside of that we do.

We will limit hours of work. There is not any necessity of having overproduction. I think all you have got to do, ladies and gentlemen, is just limit the hours of work to such an extent as people will work only so long as it is necessary to produce enough for all of the people to have what they need. Why, ladies and gentlemen, let us say that all of these labor-saving devices reduce the hours down to where you do not have to work but 4 hours a day; that is enough for these people, and then praise be the name of the Lord, if it gets that good. Let it be good and not a curse, and then we will have 5 hours a day and 5 days a week, or even less than that, and we might give a man a whole month off during a year, or give him 2 months; and we might do what other countries have seen fit to do, and what I did in Louisiana, by having schools by which adults could go back and learn the things that have been discovered since they went to school.

We will not have any trouble taking care of the agricultural situation. All you have to do is balance your production with your consumption. You simply have to abandon a particular crop that you have too much of, and all you have to do is store the surplus for the next year, and the Government will take it over. When you have good crops in the area in which the crops that have been planted are sufficient for another year, put in your public works in the particular year when you do not need to raise any more, and by that means you get everybody employed. When the Government has enough of any particular crop to take care of all of the people, that will be all that is necessary; and in order to do all of this, our taxation is going to be to take the billion-dollar fortunes and strip them down to frying size, not to exceed $50,000,000, and if it is necessary to come to
$10,000,000, we will come to $10,000,000. We have worked the proposition out to guarantee a limit upon property (and no man will own less than one-third the average), and guarantee a reduction of fortunes and a reduction of hours to spread wealth throughout this country. We would care for the old people above 60 and take them away from this thriving industry and give them a chance to enjoy the necessities and live in ease, and thereby lift from the market the labor which would probably create a surplus of commodities.

Those are the things we propose to do. "Every Man a King." Every man to eat when there is something to eat; all to wear something when there is something to wear. That makes us all a sovereign.

You cannot solve these things through these various and sundry alphabetical codes. You can have the N. R. A. and P. W. A. and C. W. A. and the U. U. G. and G. I. N. and any other kind of dad-gummed lettered code. You can wait until doomsday and see 25 more alphabets, but that is not going to solve this proposition. Why hide? Why quibble? You know what the trouble is. The man that says he does not know what the trouble is is just hiding his face to keep from seeing the sunlight...

Now, my friends, we have got to hit the root with the ax. Centralized power in the hands of a few, with centralized credit in the hands of a few, is the trouble.

Get together in your community tonight or tomorrow and organize one of our Share Our Wealth Societies. If you do not understand it, write me and let me send you the platform; let me give you the proof of it.

This is Huey P. Long talking. United States Senator, Washington, D.C. Write me and let me send you the data on this proposition. Enroll with us. Let us make known to the people what we are going to do. I will send you a button, if I have got enough of them left. We have got a little button that some of our friends designed, with our message around the rim of the button, and in the center "Every Man a King." Many thousands of them are meeting through the United States, and every day we are getting hundreds and hundreds of letters. Share Our Wealth Societies are now being organized, and people have it within their power to relieve themselves from this terrible situation...

I thank you, my friends, for your kind attention, and I hope you will enroll with us, take care of your own work in the work of this Government, and share or help in our Share Our Wealth Societies.

I thank you.

READING AND DISCUSSION QUESTIONS

1. Analyze Long's proposal for evidence of his political solution to the economic crisis of the Great Depression. How does he define the crisis and the solution?

2. What similarities to populism and progressivism can you identify in Long's "Share Our Wealth" program? What audience was he addressing, and what strategies did he use in his appeal?