

Section 1

The Politics of the 1920s

Guide to Reading

Big Ideas

Economics and Society Government policies helped create prosperity in the 1920s.

Content Vocabulary

- supply-side economics (p. 593)
- cooperative individualism (p. 593)
- isolationism (p. 594)

Academic Vocabulary

- investigation (p. 591)
- revelation (p. 592)

People and Events to Identify

- Teapot Dome (p. 591)
- Charles G. Dawes (p. 595)
- Charles Evans Hughes (p. 595)
- Kellogg-Briand Pact (p. 595)

Reading Strategy

Taking Notes As you read about Presidents Harding and Coolidge, create an outline similar to the one below.

The Politics of the 1920s
I. The Harding Administration
A.
B.
II.
III.
A.
B.

Warren G. Harding's administration suffered from corruption and scandals. His successor, Calvin Coolidge, worked hard to restore the American public's faith in their government and to promote a healthy economy.

The Harding Administration

MAIN Idea President Harding staffed his administration with political friends from Ohio; his presidency was marred by many scandals.

HISTORY AND YOU If you were choosing teammates, would you pick a friend or a better player? Read on to learn about the problems Harding created by making poor choices for government appointments.

Warren G. Harding was born in 1865 in Corsica, Ohio. In 1898 voters elected Harding to the Ohio General Assembly, where he fit in comfortably with the powerful Ohio Republican political machine. Voters elected him as Ohio's lieutenant governor in 1903 and United States senator in 1914. After serving one term in the Senate, Harding ran for and won the presidency in 1920.

Harding's political philosophy fit in well with the times. In his campaign, he had promised "a return to normalcy," by which he meant "normal" life after the war. His charm and genial manner endeared him to the nation, and people applauded when the open, easygoing atmosphere of the Harding administration replaced the quiet gloom of President Wilson's last years.

Teapot Dome and Other Scandals

Harding made several distinguished appointments to the cabinet, including former Supreme Court Justice Charles Evans Hughes as secretary of state, former Food Administrator Herbert Hoover as secretary of commerce, and business tycoon Andrew Mellon as secretary of the treasury. All three men would play an important role in supporting and shaping the economic prosperity of the 1920s.

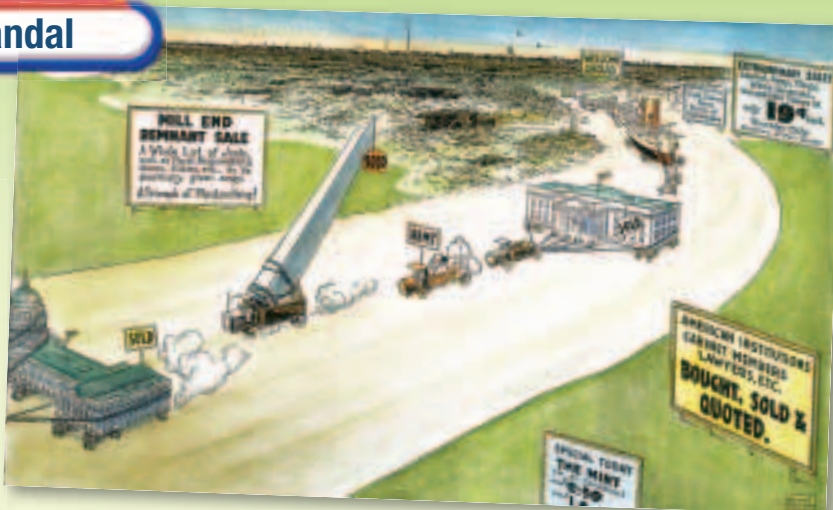
Many of Harding's other appointments, however, were disastrous. He gave cabinet posts and other high-level jobs to friends and political allies from Ohio. Harding named Harry M. Daugherty, his campaign manager and boss of the Ohio Republican Party, attorney general. He made his boyhood friend Daniel Crissinger chairman of the Federal Reserve Board and selected Colonel Charles R. Forbes—another Ohio acquaintance—to head the Veterans Bureau.

Harding felt more comfortable among his old poker-playing friends, known as the Ohio Gang, than he did around such sober and

An Administration Plagued by Scandal



▲ This cartoon shows politicians on the slippery "White House Highway" trying to outrun the scandal of Teapot Dome.



▲ "Bargain Day in Washington" shows the U.S. Capitol, the Washington Monument, the army, the White House, and the navy as having been "sold" to the highest bidder.

Analyzing VISUALS

DBQ

- Drawing Conclusions** What does the cartoon on the left suggest about politicians?
- Analyzing** What does the cartoon on the right imply about corruption in the federal government?

serious people as Herbert Hoover. One of Harding's aides told William Allen White of the *Emporia Gazette*:

PRIMARY SOURCE

"The air [would be] heavy with tobacco smoke, trays with bottles containing every imaginable brand of whiskey . . . cards and poker chips at hand—a general atmosphere of waistcoat unbuttoned, feet on desk, and spittoons alongside."

—quoted in *The Perils of Prosperity, 1914–1932*

The Ohio Gang did more than drink, smoke, and play poker with the president. Some members used their positions to sell government jobs, pardons, and protection from prosecution. Forbes sold scarce medical supplies from veterans' hospitals and kept the money for himself, costing the taxpayers about \$250 million. When Harding learned what was going on, he complained privately that he had been betrayed. He said that he had no troubles with his enemies, but his friends were a different story: "They're the ones that keep me walking the floor nights!"

In June 1923 Harding left to tour the West. En route from Alaska to California, he became ill with what was probably a heart attack. He died in San Francisco on August 2, shortly before the news of the Forbes scandal broke. Early the next morning, the vice president, Calvin Coolidge, took the oath of office and became president.

The Forbes scandal was only the latest in a series of scandals and accusations that had marked the Harding administration. The most famous scandal, known as **Teapot Dome**, began in early 1922 when Harding's secretary of the interior, Albert B. Fall, secretly allowed private interests to lease lands containing U.S. Navy oil reserves at Teapot Dome, Wyoming, and Elk Hills, California. In return, Fall received bribes from these private interests totaling more than \$300,000.

After the *Wall Street Journal* broke the story, the Senate launched an **investigation** that took most of the 1920s to complete. Trials followed; the Supreme Court invalidated the leases in 1927, and in 1929 Secretary Fall became the first cabinet officer in American history to go to prison.

Another Harding administration scandal involved Attorney General Harry Daugherty. During World War I, the federal government had seized a German-owned company in the United States as enemy property. To acquire the company and its valuable chemical patents, a German agent bribed a “go-between” politician, and a portion of the bribe ended up in a bank account that Daugherty controlled.

Under investigation by his own Justice Department, Daugherty refused to turn over requested files and bank records. He also refused to testify under oath, claiming immunity, or freedom from prosecution, on the grounds that he had had confidential dealings with the president. Daugherty’s actions disgusted the new president, Calvin Coolidge, who demanded his resignation.

“Silent Cal” Takes Over

Calvin Coolidge was very different from Harding. Harding had enjoyed the easy conversation and company of old friends. Coolidge, joked a critic, could be “silent in five languages.” Although he quickly distanced himself from

the Harding administration, Coolidge asked the most capable cabinet members—Hughes, Mellon, and Hoover—to remain in the cabinet. Coolidge’s philosophy of government was simple. He believed that prosperity rested on business leadership and that part of his job as president was to make sure that government interfered with business and industry as little as possible.

In the year following Harding’s death and the **revelations** of the scandals, Coolidge avoided crises and adopted policies to help keep the nation prosperous. He easily won the Republican nomination for president in 1924.

The Republicans campaigned using the slogan “Keep Cool with Coolidge.” They promised the American people that the policies that had brought prosperity would continue. Coolidge won the election easily, winning more than half the popular vote and 382 electoral votes.

Reading Check Analyzing What do the scandals of the Harding administration have in common with each other?

PRIMARY SOURCE

Coolidge and Prosperity



Critics have accused Calvin Coolidge of catering to big business and cite his comment that the “business of the American people is business.” This quote comes from his 1925 speech to the American Society of Newspaper Editors. Examine the graphs and the speech to assess if his policies benefited business at the expense of the public.

PRIMARY SOURCE

“After all, the chief business of the American people is business. They are profoundly concerned with producing, buying, selling, investing and prospering in the world. . . . In

all experience, the accumulation of wealth means the multiplication of schools, the increase of knowledge, the dissemination of intelligence, the encouragement of science, the broadening of outlook, the expansion of liberties, the widening of culture. . . . We make no concealment of the fact that we want wealth, but there are many other things that we want very much more. We want peace and honor, and that charity which is so strong an element of all civilization.

The chief ideal of the American people is idealism. I cannot repeat too often that America is a nation of idealists.”

—*New York Times*, January 18, 1925

U.S. Budget, 1919–1928



Source: Historical Statistics of the United States.

Unemployment, 1919–1928



Source: Historical Statistics of the United States.

Policies of Prosperity

MAIN Idea During the 1920s, the government cut taxes and spending to encourage economic growth.

HISTORY AND YOU Do you have a sales tax in your state? Do you think taxes are too high? How do you know? Read to learn about changes to American taxes in the 1920s.

Although Harding gave many corrupt friends government jobs, he also selected several highly qualified individuals for his cabinet. Among them were Andrew Mellon and Herbert Hoover. Both of these men were responsible for policies that contributed to the economic growth and prosperity of the 1920s.

At the beginning of the 1920s, the nation had a large national debt, and many people were worried that it would not recover from the postwar recession. Harding chose Andrew Mellon, a successful banker and industrialist, to be secretary of the treasury. Mellon became the chief architect of economic policy and served as secretary of the treasury for three Republican presidents.

When Mellon took office, he had three major goals: to balance the budget, to reduce the government's debt, and to cut taxes. He was convinced these policies would promote economic growth and prosperity. He also firmly believed that the government should apply business principles to its operations.

In 1921 Mellon convinced Congress to create both the Bureau of the Budget to prepare a unified federal budget, and the General Accounting Office to track spending. He then began cutting spending. The federal budget fell from \$6.4 billion to less than \$3 billion in seven years. He also cut tax rates.

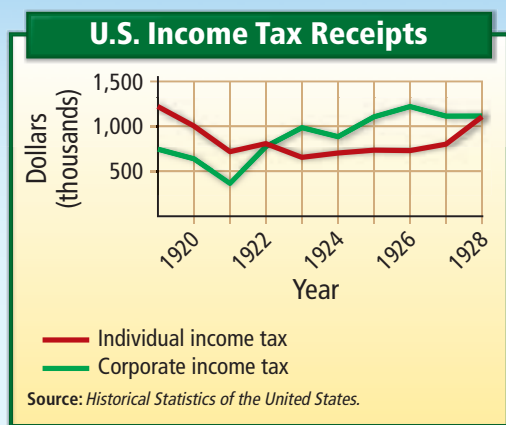
Mellon argued that high tax rates actually reduced the amount of tax money the government collected. If taxes were lower, businesses and consumers would spend and invest their extra money, causing the economy to grow. As the economy grew, Americans would earn more money, and the government would actually collect more taxes at a lower rate than it would if it kept tax rates high. This idea is known today as **supply-side economics**, or "trickle-down" economics.

At Mellon's urging, Congress dramatically reduced tax rates. When Mellon took office, most taxpayers paid 4 percent federal income tax, while wealthy Americans in the highest bracket paid 73 percent. By 1928, Congress had reduced the rate most Americans paid to 0.5 percent and cut the rate for the wealthiest Americans to 25 percent.

Secretary of Commerce Herbert Hoover also sought to promote economic growth. He tried to balance government regulation with his own philosophy of **cooperative individualism**. This idea involved encouraging businesses to form trade associations that would voluntarily share information with the federal government. Hoover believed this system would reduce costs and promote economic efficiency.

To assist businesses, Hoover directed the Bureau of Foreign and Domestic Commerce to find new markets for companies. He also established the Bureau of Aviation to regulate and promote the growth of the airline industry and the Federal Radio Commission to help the young radio industry by regulating radio frequencies and the power of transmitters.

Reading Check **Summarizing** What strategies did Mellon use to promote economic growth?



Analyzing VISUALS

DBQ

- Analyzing Primary Sources** What does Coolidge believe is the point of accumulating wealth? Do you believe that the United States has achieved Coolidge's goals? Explain.
- Evaluating** Based on the graphs, what did Coolidge's economic policies achieve in the 1920s?

Trade and Arms Control

MAIN Idea During the 1920s, the United States tried to promote peace and stability through economic policies and arms control agreements.

HISTORY AND YOU Do you remember reading about the Treaty of Versailles and how the United States never ratified it? Read to learn how America initiated other treaties in the 1920s.

Before World War I the United States was a debtor nation. By the end of the war, the situation was reversed. Wartime allies owed the United States more than \$10 billion in war debts. By the 1920s, the United States was the dominant economic power in the world. Under the leadership of Secretary of State Charles Evan Hughes, the nation tried to use its economic power to promote peace and stability.

The Myth of Isolationism

The majority of Americans—tired of being entangled in the baffling, hostile, and danger-

ous politics of Europe—favored **isolationism**. This is the idea that the United States will be safer and more prosperous if it stays out of world affairs.

To many people at the time, it appeared that the United States had become isolationist. The United States had not ratified the Treaty of Versailles and had not joined the League of Nations. The Permanent Court of International Justice, better known as the World Court, opened in 1921, but the United States refused to join it as well.

Despite appearances, the United States was too powerful and too interconnected with other countries economically to be truly isolationist. Instead of relying on armed force and the collective security of the League of Nations, the United States tried to promote peace by using economic policies and arms control agreements.

The Dawes Plan

America's former allies had difficulty making the payments on their immense war debts. High American tariffs hampered their economic

INFOGRAPHIC

The Washington Conference, November 1921–February 1922

Treaty	Signers	Terms	Weaknesses
Four-Power Treaty	United States, Great Britain, France, Japan	<ul style="list-style-type: none"> All agreed to respect the others' territory in the Pacific Full and open negotiations in the event of disagreements 	<ul style="list-style-type: none"> Mutual defense of other co-signers not specified
Five-Power Treaty	United States, Great Britain, France, Japan, Italy	<ul style="list-style-type: none"> All agreed to freeze naval production at 1921 levels and halt production of large warships for 10 years U.S. and Great Britain agreed not to build new naval bases in the western Pacific 	<ul style="list-style-type: none"> No restrictions on the construction of smaller battle craft such as submarines and naval destroyers Did not place restrictions on the ground forces
Nine-Power Treaty	United States, Great Britain, France, Japan, Italy, Belgium, China, the Netherlands, Portugal	<ul style="list-style-type: none"> All agreed to preserve equal commercial rights to China—a reassertion of the Open Door policy 	<ul style="list-style-type: none"> No enforcement of the terms of the Open Door policy specified

Analyzing VISUALS

- Interpreting Charts** Which countries signed the Five-Power Treaty?
- Analyzing** Why do you think the terms of the treaties focused on the Pacific region?

recovery by making it difficult to sell their products in the United States. This meant they could not acquire the money to pay off their war debts. These countries also were receiving reparations—huge cash payments Germany was required to make as punishment for starting the war. These payments, however, were crippling the German economy.

It was vital for the United States that European economies be healthy so that the Europeans could buy American exports and repay their debts. Thus, in 1924, American diplomat **Charles G. Dawes** negotiated an agreement with France, Britain, and Germany by which American banks would make loans to Germany that would enable it to make reparations payments. In exchange, Britain and France would accept less in reparations and pay back more on their war debts.

The Washington Conference


Despite their debts, the major powers were involved in a costly postwar naval arms race. To end the weapons race, the United States invited representatives from eight major countries—Great Britain, France, Italy, China, Japan, Belgium, the Netherlands, and Portugal—to Washington, D.C., to discuss disarmament. The Washington Conference opened on November 12, 1921.

In his address to the delegates, Secretary of State **Charles Evans Hughes** proposed a 10-year moratorium, or halt, on the construction of new warships. He also proposed a list of warships in each country's navy to be destroyed, beginning with some American battleships. The discussions that followed produced the Five-Power Naval Limitation Treaty in which Britain, France, Italy, Japan, and the United States essentially formalized Hughes's proposal.

As a long-term effort to prevent war, the conference had some serious shortcomings. It did nothing to limit land forces. It also angered the Japanese because it required Japan to maintain a smaller navy than either the United States or Great Britain. It did, however, give Americans cause to look forward to a period of peace, recovery, and prosperity.

Abolishing War

The apparent success of the Washington Conference boosted hopes that written agreements could end war altogether. Perhaps the highest expression of that idea occurred when U.S. Secretary of State Frank Kellogg and French Foreign Minister Aristide Briand proposed a treaty to outlaw war. On August 27, 1928, the United States and 14 other nations signed the **Kellogg-Briand Pact**. Although it had no binding force, the pact was hailed as a victory for peace. It stated that all signing nations agreed to abandon war and to settle all disputes by peaceful means. The Kellogg-Briand Pact and the Dawes Plan were perhaps the most notable foreign policy achievements of the Coolidge administration.

 **Identifying** What problem was the Dawes Plan intended to solve?

Section 1 REVIEW

Vocabulary

- Explain** the significance of: Teapot Dome, supply-side economics, cooperative individualism, isolationism, Charles G. Dawes, Charles Evans Hughes, Kellogg-Briand Pact.

Main Ideas

- Summarizing** What scandals marred Harding's presidency?
- Explaining** What strategies did Andrew Mellon and Herbert Hoover use to stimulate economic growth?
- Describing** In what two ways did the United States try to promote peace during the 1920s?

Critical Thinking

- Big Ideas** What efforts did the United States make to promote worldwide economic recovery?
- Categorizing** Use a graphic organizer like the one below to list the major terms of the treaties resulting from the Washington Conference.

Major Terms of Treaties	

- Analyzing Visuals** Examine the charts on page 592. What explanation can you offer for the drop in the United States's budget from 1919 to 1928?

Writing About History

- Persuasive Writing** Imagine that you are an American business owner or farmer in the 1920s. Write a letter to your representatives in Congress explaining why you think cutting taxes is a good or bad idea.

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