The Politics of the 1920s

Chapter 10 Section 1
The Politics of the 1920s

• THE HARDING ADMINISTRATION

• Main Idea:
  – President Harding staffed his administration with political friends from Ohio; his presidency was marred by many scandals
THE HARDING ADMINISTRATION

• Warren Harding was elected president 1920
  – Was a senator from Ohio

• Political Philosophy
  – “return to normalcy” or normal life after war.
  – Was very charming and easy going which was good on campaign
THE HARDING ADMINISTRATION

• Harding made many distinguished appointments to the cabinet
  – Charles Evans Hughes as secretary of state
  – Herbert Hoover as secretary of commerce
  – Andrew Mellon as secretary of treasury
  – These people were important in shaping economic prosperity of 1920s
THE HARDING ADMINISTRATION

• Harding’s other appointments were disastrous.
  – Gave cabinet posts and other high level positions to his friends
  – Felt comfortable with friends (nicknamed “Ohio Gang”) then around others like Hoover
  – Harding’s friends corrupt... used power to sell government, pardons and protection from prosecution...led to many scandals
  – One friend (Forbes, appointed head of veterans bureau) sold scarce medical supplies from veterans hospitals and kept money for himself
    • Cost tax Payers 250 Million
THE HARDING ADMINISTRATION

• **Teapot Dome** scandal
  – most famous scandal of Harding Administration
  – Began 1922, secretary of interior Albert Fall secretly allowed private interests to lease lands containing US Navy oil reserves at Teapot Dome Wyoming and Elk Hills California
  – In return, Fall received bribes for more than $300,000
  – Wall Street Journal broke story, Senate started investigation that took most of 1920s to complete
  – Supreme court invalidated leases and Fall became first cabinet officer to go to prison
THE HARDING ADMINISTRATION

• Another scandal involved Attorney General Harry Daugherty
  – During WWI, US government seized a German-owned company as enemy property
  – Company had valuable chemical patents, so German agent bribed a “go-between” and part that money ended up in Daugherty’s bank account
  – Daugherty refused to turn over files and bank records and refused to testify under oath (said had confidential dealings with President)
THE HARDING ADMINISTRATION

• In June 1923 Harding went to tour West
  – He became ill during his travels from Alaska to California (probably heart attack)
  – Harding Died in San Francisco on Aug. 2 (shortly before Forbes scandal broke)
  – Coolidge became President the next day and asked for resignation of Daugherty and others involved in Harding Scandals
THE HARDING ADMINISTRATION

• Coolidge was very different from Harding
  – Was quiet where Harding liked conversation
  – Distanced himself from Harding administration and scandals
  – Asked Hughes, Mellon and Hoover to remain in cabinet and got rid of others
  – Philosophy of Government
    • Prosperity rested on business leadership and the president was to make sure that government interfered with business and industry as little as possible

• Coolidge avoided crises and adopted policies to help nation prosper
  – Ran for president again using slogan “Keep Cool with Coolidge”
  – Easily won election with more than half of popular vote and 382 electoral college votes
The Politics of the 1920s

• POLICIES OF PROSPERITY

• Main Idea
  – During the 1920s, the government cut taxes and spending to encourage economic growth
Policies of Prosperity

• Harding did select several highly qualified people for his cabinet
  – Andrew Mellon and Herbert Hoover
  – These men responsible for policies that contributed to economic growth and prosperity of the 1920s
POLICIES OF PROSPERITY

• Beginning of 1920s US had a large national debt
  – People worried it would not recover from postwar recession
  – Andrew Mellon (successful banker and industrialist) appointed secretary of treasury
  – 3 major goals in position
    • Balance budget
    • Reduce government debt
    • Cut taxes
  – Believed gov’t should apply business principles to its operations
Policies of Prosperity

• 1921 Mellon convinced congress to establish
  – Bureau of the Budget (prepare federal budget)
  – General Accounting office (track spending)

• Then began cutting spending
  – federal budget fell from $6.4 billion to less than $3 billion in seven years
  – Mellon also cut taxes
POLICIES OF PROSPERITY

• Said high tax rates actually reduced amount of tax money collected
  – Low taxes = more spending and investing
  – More spending and investing = growing economy

• As Americans grew economically gov’t would collect more taxes at a lower rate
  – Supply-side economics
  – AKA “trickle down” economics
POLICIES OF PROSPERITY

• Congress reduced tax rates
  – Wealthy started at 73%, went down to 25%
  – Average went from 4% to 0.5%

• Herbert Hoover (secretary of commerce) also wanted economic growth
  – Balance government with his philosophy of **cooperative individualism**
    • Encouraging business to form trade associations that would voluntarily share information with federal gov’t
  – To assist business Hoover established Bureau of Aviation to regulate and promote growth of airline industry and Federal Radio Commission to help radio industry
The Politics of 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
TRADE AND ARMS CONTROL

• Before World War I US was a debtor nation, by end nations owed US more than 10 billion in war debts
  – US was dominate economic power in the world
  – Under Secretary of State Hughes, tried to used power to promote peace and stability
TRADE AND ARMS CONTROL

• Majority of Americans favored **isolationism**
  – The United States will be safer and more prosperous if it stays out of world affairs
  – At the time, people thought were isolationists (didn’t ratify Treaty of Versailles, did not join League of Nations and did not join World Court)
  – BUT United States was too powerful and too interconnected with other countries to be truly isolationists
  – Promote peace using economic polices and arms control agreements
TRADE AND ARMS CONTROL

• The Dawes Plan
  – Allies had difficulty paying war debts
  – High American tariffs also hurt economic recovery so could not get money to pay off debts
  – Paying Reparations was also hurting Germany’s economy
  – Diplomat Charles G. Dawes in 1924 negotiated an agreement with France, Britain and Germany where American banks make loans to Germany to enable them to pay reparations
  – France and Britain would accept less in reparations and pay back more on war debts
TRADE AND ARMS CONTROL

• The Washington Conference
  – Wanted to avoid further wars
  – Despite debts, major powers involved in naval arms race
  – To end US invited 8 major nations to conference to discuss disarmament (started Nov 12 1921)
    • Great Britain, France, Italy, China, Japan, Belgium and the Netherlands attended
  – **Charles Evans Hughes** (Secretary of State) proposed 10 year halt on construction of new warships and a list of warships from each country to be destroyed
  – From that idea came the Five-Power Naval Limitation Treaty (Britain, France, US and Japan did Hughes idea)
  – Shortcomings of Conference
    • Didn’t limit land forces
    • Angered Japan (smaller Navy than US or Great Britain)
TRADE AND ARMS CONTROL

• Abolishing War
  – Apparent success of Washington Conference was hope that agreements would end war
  – Highest expression of this idea was when US Secretary of State Kellogg and French Foreign Minister Briand did treaty to outlaw war
  – August 27 1928 US and 14 other nations signed **Kellogg-Briand Pact**
  – Not binding but nations agreed to abandon war and settle all disputes through peaceful means
SUMMARY QUESTIONS

1. What do the scandals of the Harding administration have in common with each other?
2. What strategies did Mellon use to promote economic growth?
3. What problem was the Dawes Plan intended to solve?