The Harding Presidency

MAIN IDEA
The Harding administration appealed to America’s desire for calm and peace after the war, but resulted in scandal.

WHY IT MATTERS NOW
The government must guard against scandal and corruption to merit public trust.

Terms & Names
- Warren G. Harding
- Charles Evans Hughes
- Fordney-McCumber Tariff
- Ohio gang
- Teapot Dome scandal
- Albert B. Fall

Warren G. Harding was described as a good-natured man who “looked like a president ought to look.” When the silver-haired Ohio senator assumed the presidency in 1921, the public yearned for what Harding described as “normalcy,” or the simpler days before the Progressive Era and the Great War. His words of peace and calm comforted the healing nation.

Despite Harding’s soothing speeches, his judgment turned out to be poor. The discord among the major world powers and the conduct within his own cabinet would test his politics and his character.

Harding Struggles for Peace
After World War I, problems surfaced relating to arms control, war debts, and the reconstruction of war-torn countries. In 1921, President Harding invited several major powers to the Washington Naval Conference. Russia was left out because of its Communist government. At the conference, Secretary of State Charles Evans Hughes urged that no more warships be built for ten years. He suggested that the five major naval powers—the United States, Great Britain, Japan, France, and Italy—scrap many of their battleships, cruisers, and aircraft carriers.

Conference delegates cheered, wept, and threw their hats into the air. For the first time in history, powerful nations agreed to disarm. Later, in 1928, fifteen
countries signed the Kellogg-Briand Pact, which renounced war as a national policy. However, the pact was futile, as it provided no means of enforcement.

**HIGH TARIFFS AND REPARATIONS** New conflicts arose when it came time for Britain and France to pay back the $10 billion they had borrowed from America. They could do this in two ways: by selling goods to the United States or by collecting reparations from Germany. However, in 1922, America adopted the Fordney-McCumber Tariff, which raised taxes on U.S. imports to 60 percent—the highest level ever. The tax protected U.S. businesses—especially in the chemical and metals industries—from foreign competition, but made it impossible for Britain and France to sell enough goods in the U.S. to repay debts.

The two countries looked to Germany, which was experiencing terrible inflation. When Germany defaulted on (failed to make) payment, French troops marched in. To avoid another war, American banker Charles G. Dawes was sent to negotiate loans. Through what came to be known as the Dawes Plan, American investors loaned Germany $2.5 billion to pay back Britain and France with annual payments on a fixed scale. Those countries then paid the United States. Thus, the United States arranged to be repaid with its own money.

The solution caused resentment all around. Britain and France considered the United States a miser for not paying a fair share of the costs of World War I. Further, the U.S. had benefited from the defeat of Germany, while Europeans had paid for the victory with millions of lives. At the same time, the United States considered Britain and France financially irresponsible.

**Scandal Hits Harding’s Administration**

On domestic issues, Harding favored a limited role for government in business affairs and in social reform. Still, he did set up the Bureau of the Budget to help run the government more efficiently, and he urged U.S. Steel to abandon the 12-hour day.

**HARDING’S CABINET** Harding appointed Charles Evans Hughes as secretary of state. Hughes later went on to become chief justice of the Supreme Court. The president made Herbert Hoover the secretary of commerce. Hoover had done a masterful job of handling food distribution and refugee problems during World War I. Andrew Mellon, one of the country’s wealthiest men, became secretary of the treasury and set about drastically cutting taxes and reducing the national debt. However, the cabinet also included the so-called Ohio gang, the president’s poker-playing cronies, who would soon cause a great deal of embarrassment.

**SCANDAL PLAGUES HARDING** The president’s main problem was that he didn’t understand many of the issues. He admitted as much to a secretary.

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In 1923, a German man papers his walls with money made nearly worthless by high inflation following World War I.

**A PERSONAL VOICE** **WARREN G. HARDING**

“John, I can’t make a . . . thing out of this tax problem. I listen to one side and they seem right, and then . . . I talk to the other side and they seem just as right. . . . I know somewhere there is an economist who knows the truth, but I don’t know where to find him and haven’t the sense to know him and trust him when I find him. . . . What a job!”

—quoted in *Only Yesterday*
Harding’s administration began to unravel as his corrupt friends used their offices to become wealthy through graft. Charles R. Forbes, the head of the Veterans Bureau, was caught illegally selling government and hospital supplies to private companies. Colonel Thomas W. Miller, the head of the Office of Alien Property, was caught taking a bribe.

**THE TEAPOT DOME SCANDAL** The most spectacular example of corruption was the Teapot Dome scandal. The government had set aside oil-rich public lands at Teapot Dome, Wyoming, and Elk Hills, California, for use by the U.S. Navy. Secretary of the Interior Albert B. Fall, a close friend of various oil executives, managed to get the oil reserves transferred from the navy to the Interior Department. Then, Fall secretly leased the land to two private oil companies, including Henry Sinclair’s Mammoth Oil Company at Teapot Dome. Although Fall claimed that these contracts were in the government’s interest, he suddenly received more than $400,000 in “loans, bonds, and cash.” He was later found guilty of bribery and became the first American to be convicted of a felony while holding a cabinet post.

In the summer of 1923, Harding declared, “I have no trouble with my enemies. . . . But my . . . friends, they’re the ones that keep me walking the floor nights!” Shortly thereafter, on August 2, 1923, he died suddenly, probably from a heart attack or stroke.

Americans sincerely mourned their good-natured president. The crimes of the Harding administration were coming to light just as Vice-President Calvin Coolidge assumed the presidency. Coolidge, a respected man of integrity, helped to restore people’s faith in their government and in the Republican Party. The next year, Coolidge was elected president.