



SECTION
2

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.

A PERSONAL VOICE WARREN G. HARDING

“America’s present need is not heroics, but healing; not nostrums, but normalcy; not revolution, but restoration; not agitation, but adjustment; not surgery, but serenity; not the dramatic, but the dispassionate; . . . not submergence in internationality, but sustainment in triumphant nationality.”

—quoted in *The Rise of Warren Gamaliel Harding*

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.

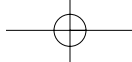


▲ Warren G. Harding, shown here in 1923, looked presidential, but he is considered one of the least successful presidents.

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



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

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. **A**

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. **B**

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.

★ 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*

Vocabulary

reparations: payments demanded from a defeated enemy

MAIN IDEA

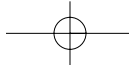
Summarizing

A What were the reasons European countries were not paying their war debts?

MAIN IDEA

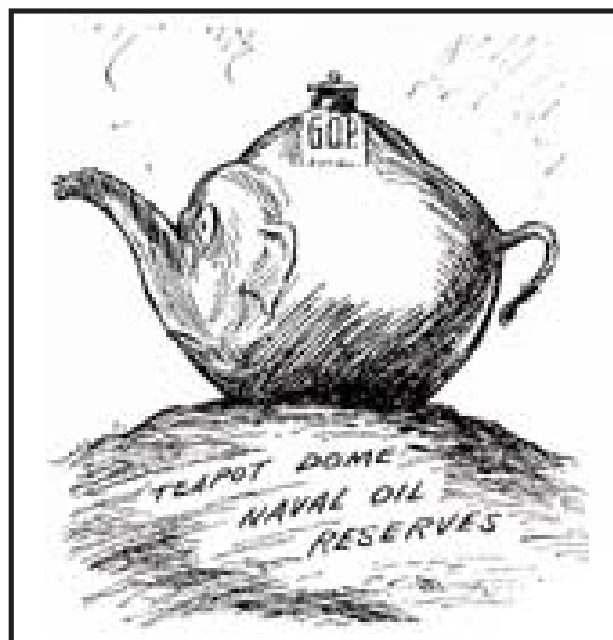
Evaluating Leadership

B What do Harding's appointments indicate about his judgment?



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. **C**



▲ The elephant, shaped like a teapot here, is the symbol of the Republican Party (Grand Old Party). The cartoonist implies that Republicans were responsible for the Teapot Dome scandal.

MAIN IDEA

Making Inferences

C How did the scandals of the Harding administration hurt the country economically?

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.

SECTION 2 ASSESSMENT

1. TERMS & NAMES For each term or name, write a sentence explaining its significance.

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

MAIN IDEA

2. TAKING NOTES

List five significant events from this section and their effects, using a table like the one shown.

Event	Effects
1.	
2.	

Which event benefited the country the most? Why?

CRITICAL THINKING

3. MAKING INFERENCES

How do you think the Harding administration viewed the role of America in world affairs? Support your response with examples from the text.

4. EVALUATING

How successful was Harding in fulfilling his campaign pledge of returning the country to "normalcy"? Support your opinion with specific examples.

5. ANALYZING EFFECTS

How do you think the postwar feelings in America influenced the election of 1920? **Think About:**

- the desire for normalcy
- Harding's image
- the issues Americans wanted to focus on