THE 1920S: A NEW ERA

THE 1920 ELECTION
The armistice ending WWI was two years in the past in November 1920 when the American people—(women & men)—went to the polls to cast their votes for president. Their choice was between two men from Ohio: Gov. James Cox, a Democrat who urged the adoption of the League of Nations, and Senator Warren Harding who said the American people wanted a "return to normalcy." Harding was elected by a landslide. It was a sign that the idealism and activism that had characterized the prewar years of the Progressive era were over.

REPUBLICAN CONTROL
Through the 1920s, three Republican presidents would control the executive branch. Congress was solidly Republican through the 1920s in which business boomed, while farmers & unions struggled.

BUSINESS DOCTRINE
The leader of the progressive wing of the Republican Party, Teddy Roosevelt, died in 1919. This loss, combined with public disillusionment over the war, allowed the return of the old-guard (conservative) Republicans. Unlike the Republicans of the Gilded Age, however, Republican leadership in the 1920s did not preach laissez-faire economics but rather accepted the idea of limited gov’t regulation as an aid to stabilizing business. The Regulatory commissions established in the Progressive Era were now administered by appointees who were more sympathetic to business than to the public. The philosophy of the Republican Party was that the nation would benefit if business and the pursuit of profits took the lead in developing the economy.

THE PRESIDENCY OF WARREN HARDING
Harding had been a newspaper publisher in Ohio before entering politics. He was handsome & well-liked among the Republican friends whom he regularly played poker. When the Republican national convention of 1920 deadlocked, the party bosses decided in a smoke-filled room to deliver the nomination to Harding as a compromise choice.

A FEW GOOD CHOICES OF PRESIDENT HARDING
Harding appointed the former presidential candidate & Supreme Court Justice Charles Evans Hughes to be Sec. of State; the former mining engineer & Food Administration leader Herbert Hoover to be Sec. of Commerce; & Pittsburgh industrialist & millionaire Andrew Mellon to be Sec. of the Treasury. When the Chief Justices’ seat on the Supreme Court became vacant, Harding filled it by appointing former President Taft.

PARDONING OF EUGENE DEBS
The one surprise decision of Harding’s presidency was his pardoning of Socialist leader Eugene Debs & winning his release from federal prison. While a prisoner for violating the Espionage Act in wartime, Debs had won 920,000 votes in the 1920 election as the Socialist candidate for president. Harding's pardoning of Debs was prompted by the president’s generous spirit & not by ideology, since Harding was a conservative.

DOMESTIC POLICY DURING THE HARDING PRESIDENCY
Harding signed into law the measures adopted by the Republican Congress. He approved (1) a reduction in the income tax, (2) an increase in tariff rates under the Fordney-McCumber Tariff Act of 1922, and (3) establishment of the Bureau of the Budget, with procedures for all government expenditures to be placed in a single budget for Congress to review and vote on.

SCANDALS DURING THE HARDING YEARS & DEATH PRESIDENT HARDING
Harding’s presidency was marked by scandals and corruption similar to those that had occurred under an earlier postwar president, Ulysses Grant. Having appointed some excellent officials, Harding also selected some dishonest men to fill important positions, including Sec. of the Interior Albert Fall & Attorney General Harry Daugherty. In 1924, Congress discovered that Albert Fall had accepted bribes for granting oil leases near Teapot Dome, Wyoming. Harry Daugherty also took bribes for agreeing not to prosecute certain criminal suspects. Shortly before these scandals were uncovered, however, Harding died in August 1923 while traveling in the West. He was never implicated in any scandal.

THE PRESIDENCY OF CALVIN COOLIDGE...THE 1924 ELECTION...VETOES & INACTION
Harding’s V.P., Calvin Coolidge, had won popularity in 1919 as the Massachusetts governor who broke the Boston police strike. He was a man of few words "Silent Cal." He once explained why silence was good politics, "If you don't say anything, you won't be called on to repeat it." Coolidge summarized his presidency and his era in the phrase: "The business of America is business." After less than a year in office, Coolidge was the overwhelming choice of the Republican Party as their presidential nominee in 1924. The Democrats nominated a conservative lawyer from West Virginia, John Davis, and tried to make an issue of the Teapot Dome Scandal. Unhappy with conservative dominance of both parties, liberals formed a new Progressive Party led by its presidential candidate, Robert La Follette of Wisconsin. Coolidge won the election easily, but the Progressive ticket did well for a third party as they received nearly 5 million votes, mainly from discontented farmers & laborers. Coolidge believed in limited gov’t that stood aside while business conducted its own affairs. Little was accomplished in the White House except keeping a close watch on the budget. Cutting spending to the bone, Coolidge vetoed even the acts of the Republican majority in Congress. He would not allow bonuses for WWI veterans and vetoed a bill (McNary-Haugen Bill of 1928) to help farmers cope with falling crop prices.
THE 1928 ELECTION: HERBERT HOOVER VS. ALFRED SMITH

Coolidge declined to run for the presidency a second time. The Republicans therefore turned to an able leader with a spotless reputation, self-made millionaire & Sec. of Commerce Herbert Hoover. He had served three presidents (Wilson, Harding, & Coolidge) in administrative roles but had never before campaigned for elective office. Hoover's Democratic opponent was the governor of New York, Alfred Smith. As a Roman Catholic and an opponent of prohibition, Smith appealed to many immigrant voters in the cities. Many Protestants, however, were openly prejudiced against Smith. Republicans boasted of "Coolidge Prosperity," which Hoover promised to extend. He even suggested that poverty would soon be ended altogether. Hoover won in a landslide and even took a large number of the electoral votes in the South. In several southern states the taste of prosperity and general dislike for Smith's religion outweighed the voters' usual allegiance to the Democratic Party.

MIXED ECONOMIC DEVELOPMENT

Politics took a backseat in the 1920s, as Americans concentrated on adapting to economic growth and social change. The decade began with a brief postwar recession (1921), entered a long period of business prosperity (1922-1928), & ended in economic disaster (October 1929) with the nation's worst stock market crash. During the boom years, unemployment was generally below 4%. The standard of living for most Americans improved significantly. Indoor plumbing and central heating became commonplace. By 1930, 67% of all homes had electricity. Real income for both the middle class and the working class increased substantially. The prosperity, however, was far from universal. In fact, during the 1920s nearly 40% of U.S. families in both rural and urban areas had incomes in the poverty range—they struggled to live on less than $1,500 a year. Farmers in particular did not share in the booming economy.

CAUSES OF BUSINESS PROSPERITY

The business boom (led by a rise of 64% in manufacturing output between 1919 & 1929) resulted from several factors:

1. INCREASED PRODUCTIVITY: There was greater use of research, as with the expanded application of Frederick Taylor's time-and-motion-studies and principles of scientific management. The manufacturing process was made more efficient by the adoption of improved methods of mass production. In 1914, Henry Ford had perfected a system for manufacturing automobiles by means of an assembly line. Instead of losing time moving around a factory as in the past, Ford's workers remained at one place all day and performed the same simple operation over and over again at rapid speed. In the 1920s, most major industries adopted the assembly line and realized major gains in worker productivity.

2. ENERGY TECHNOLOGIES: Another cause of economic growth was the increased use of oil and electricity, although coal was still used for the railroads and to heat most homes. Increasingly, oil was used to power factories and to provide gasoline for the rapidly increasing numbers of automobiles. By 1930, oil would account for 23% of U.S. energy (up from 3% in 1900). Electric motors in factories and new appliances at home increased electrical generation over 300% during the 1920s.

3. GOVERNMENT POLICY: Gov't in the 1920s favored the growth of big business by offering corporate tax cuts & doing almost nothing to enforce the antitrust laws of the Progressive Era.

FARM PROBLEMS

Farmers did not share in the Coolidge prosperity. Their best years had been 1916-1918, when crop prices had been kept artificially high by wartime demand in Europe and the U.S. government's wartime policy of guaranteeing a minimum price for wheat and corn. When the war ended, so did farm prosperity. Farmers who had borrowed heavily to expand during the war were now left with a heavy burden of debt. New technologies (chemical fertilizers, gasoline tractors) helped farmers increase their production in the 1920s, but did not solve their problems. In fact, productivity only served to increase their debts, as growing surpluses produced falling prices.

LABOR PROBLEMS

Wages rose during the 1920s, but the union movement went backward. Membership in unions declined 20%, partly because most companies insisted on an open shop (keeping jobs open to nonunion workers). Some companies also began to practice welfare capitalism-voluntarily offering their employees improved benefits and higher wages in order to remove the need for organizing unions. In the South, efforts to unionize the textile industry were violently resisted by police, state militia, and local mobs. In an era that so strongly favored business, union efforts at strikes usually failed. The United Mine Workers, led by John Lewis, suffered setbacks in a series of violent and ultimately unsuccessful strikes in Pennsylvania, West Virginia, & Kentucky. Conservative courts routinely issued injunctions against strikes and nullified labor laws aimed at protecting workers' welfare.