

Politics and Economics of the 1920's



GOP Regains Power

- Harding wins, Republicans retake White House
- Era of Progressives is over
- “Return to Normalcy”

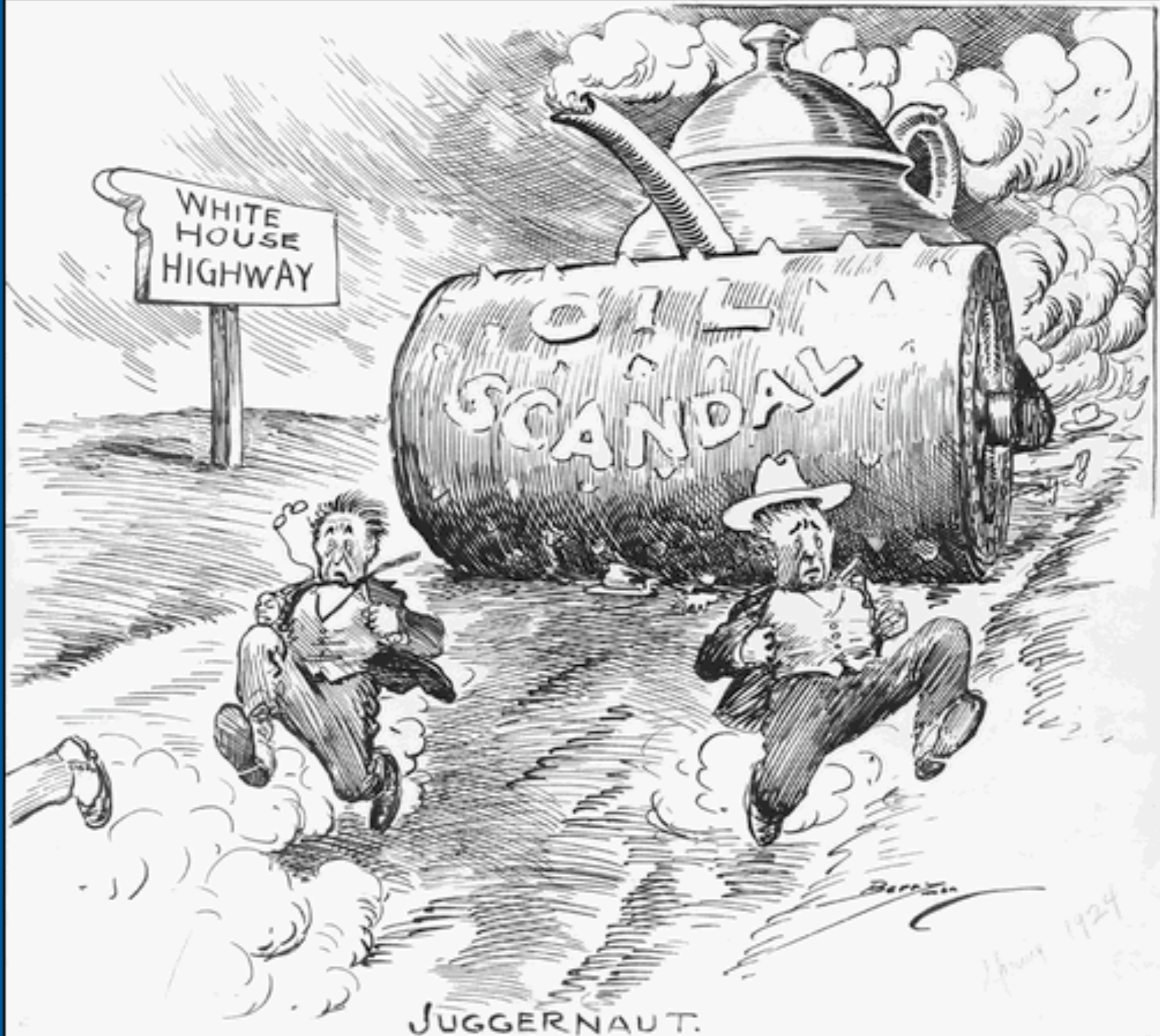


Harding's Mixed Bag

- Good: Great cabinet ("Best minds")
 - Mellon and Hoover
- Bad: "The Ohio Gang"
 - OH political machine
 - Exploited Harding for \$\$\$

Teapot Dome

- Sec of Interior Albert Fall leases Navy land
 - To oil company
 - No bids, totally illegal
 - Receives kickbacks



Boosting Industry

- Gov't boosts the business community
- Appoints 4 free marketeers to Supreme Court
- Stripped away much Progressive legislation

Boosting Industry

- Antitrust laws often ignored
- Companies again stifle competition
- Regulation rolled back

Reduction of Gov't

- Government out of the railroads/shipping business
- Disarmament
 - Lower defense spending
- Fought Veteran's benefits (though vets win out)

Naval Reduction

- UK, US, Japan, France agree to halt naval building
 - Large ships only
- US stops building, others build smaller, faster ships
 - US falls behind

Naval Agreement of 1921-1922

	Battleships	Battleship Tonnage	Aircraft Carrier Tonnage
U.S.	18	525,000	135,000
Britain	22	525,000	135,000
Japan	10	315,000	81,000
France	7	175,000	60,000
Italy	6	175,000	60,000

Protectionism

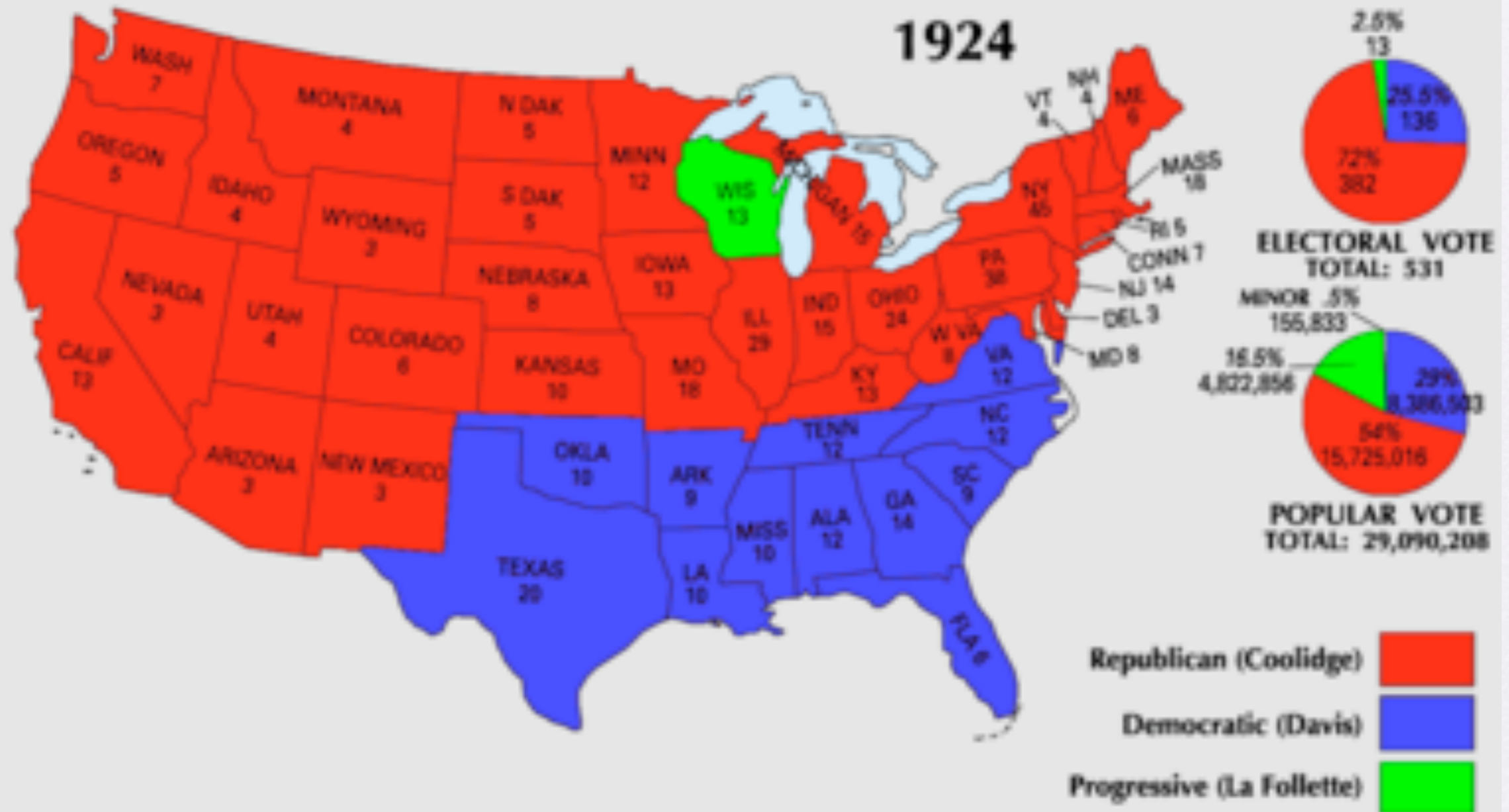
- Industry wants to protect American markets
 - No cheap European goods
- Huge tariffs (Fordney-McCumber)
 - 38% tariff
 - On everything (food, goods, machinery)

Coolidge Takes Office

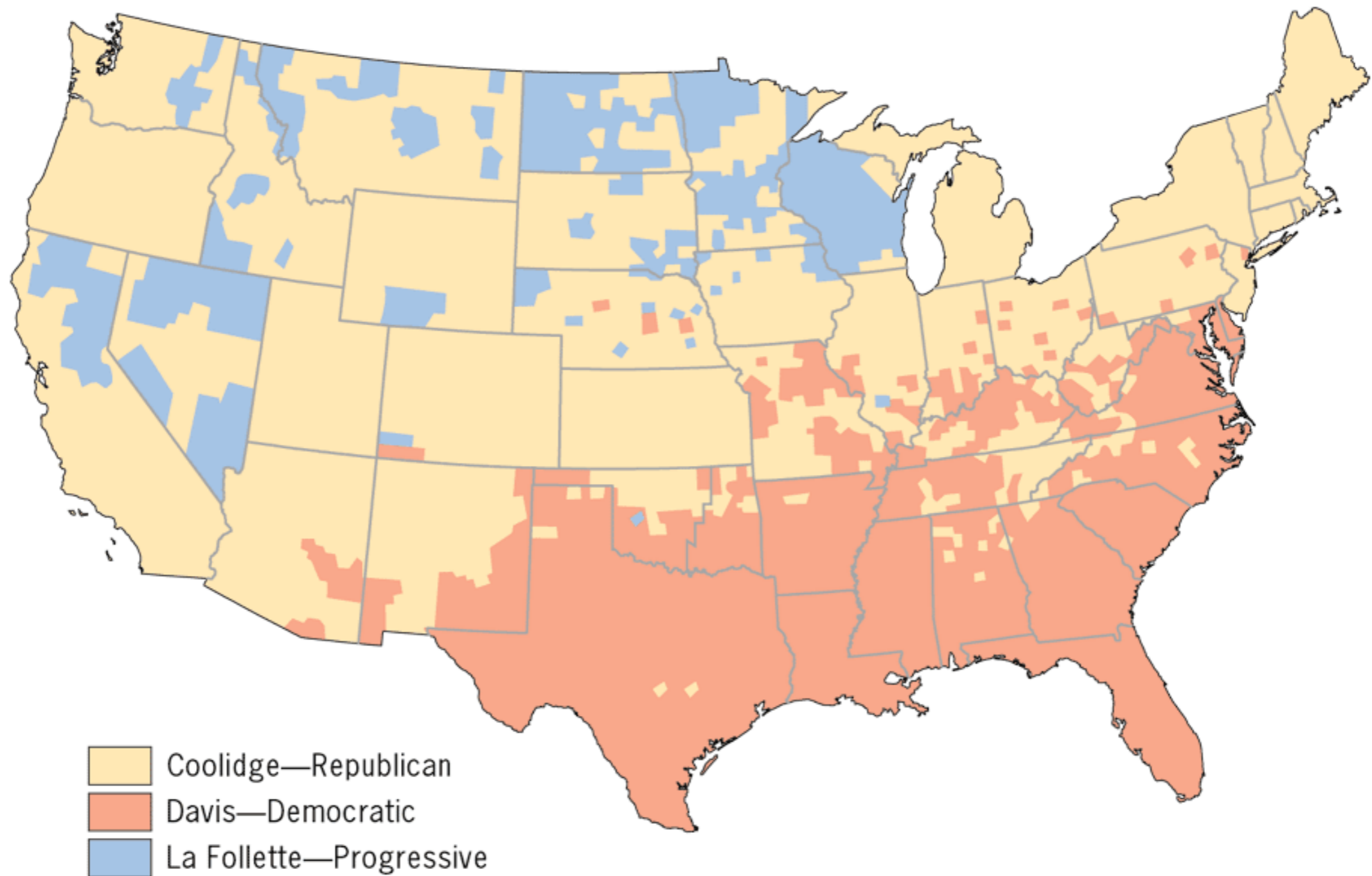
- Harding dies in office (1923)
- VP Calvin Coolidge is even more business friendly
- Quiet, serious, introverted
 - “Silent Cal”



“Keep Cool With Coolidge”



1924 Popular Vote





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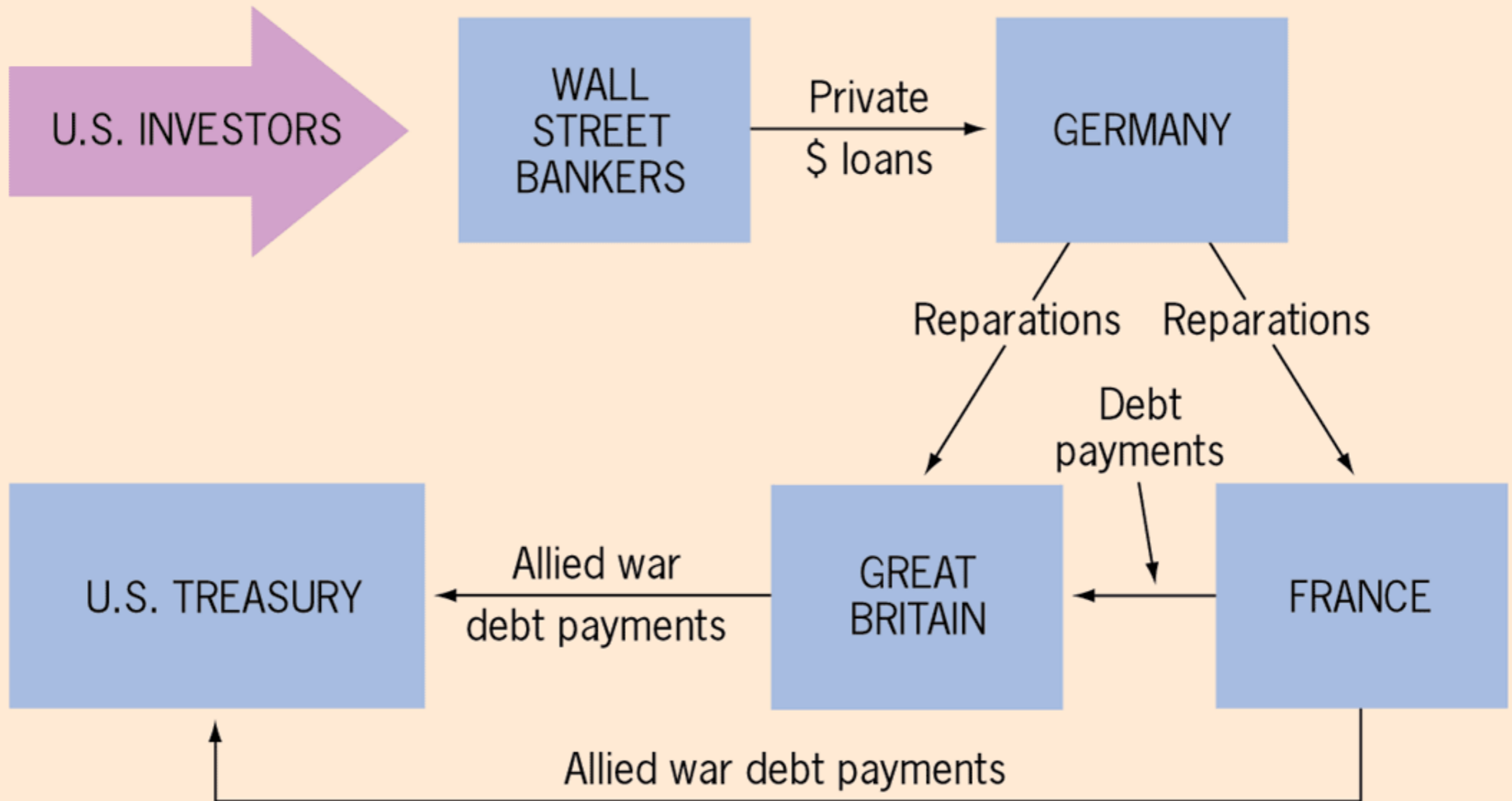
The Debt Problem

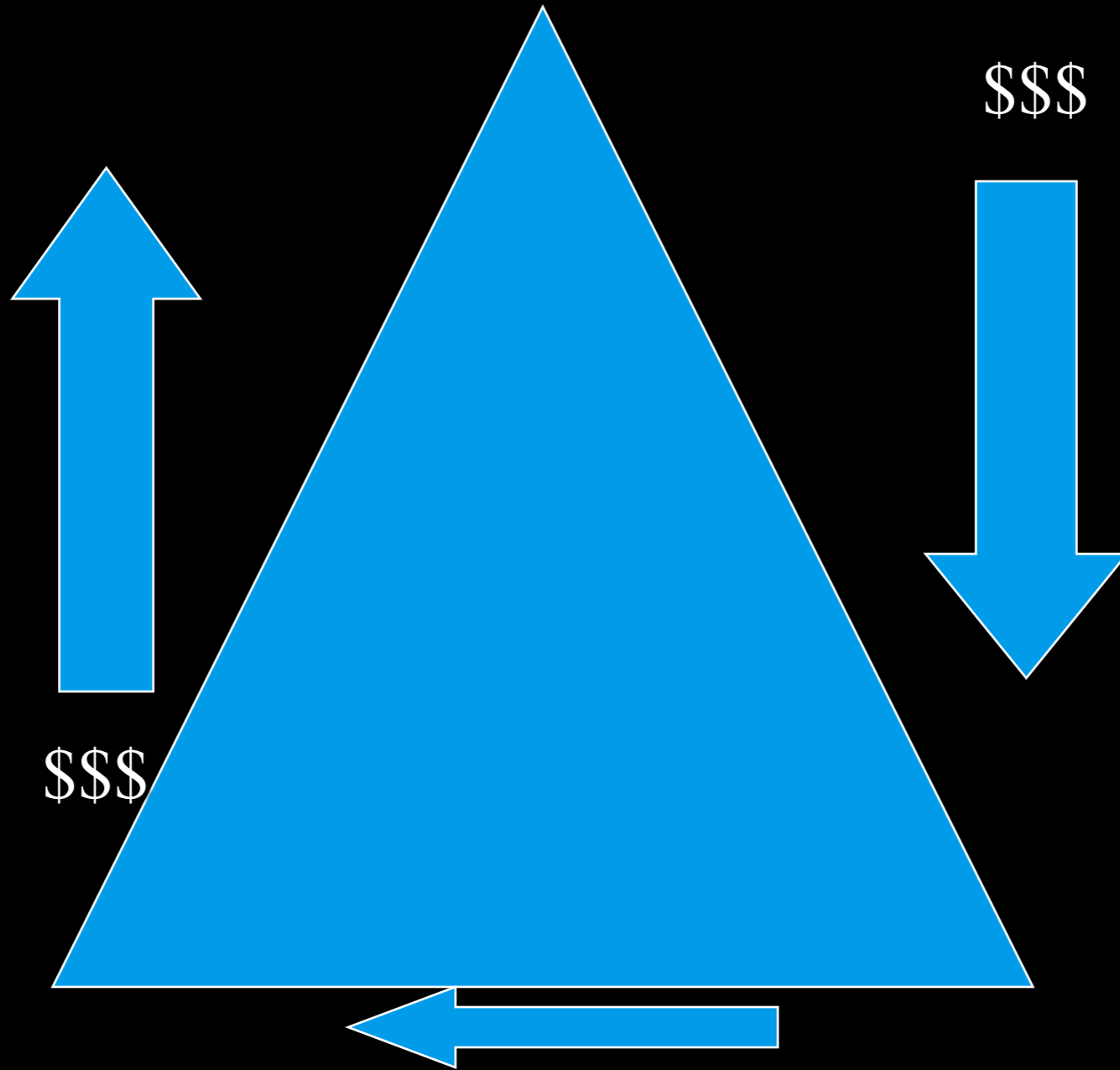
- Germany owes nearly 33 billion dollars in war reparations
 - Can't pay
- Massive hyper-inflation (overprinting of money)
 - Loaf of bread: 120 million dollars
- U.S. bankers agree to loan money to Germany

The Debt Cycle

- U.S. loans money to Germany
- Germany pays off debt to UK/France
- UK/France pay off debt to United States
- Anybody see a problem here????

The Debt Cycle



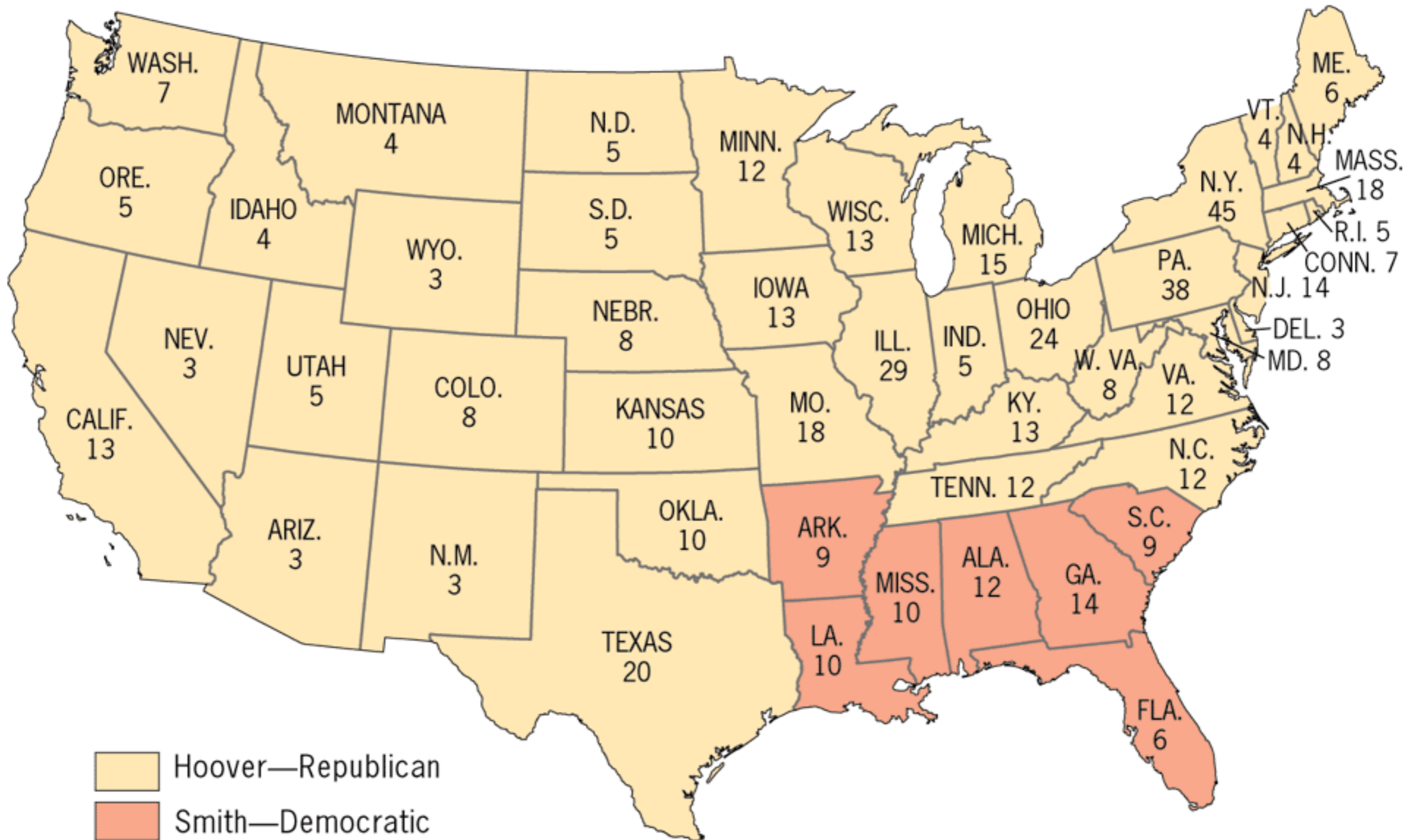


Hoover Wins (1928)

- Very popular Sec of Commerce
 - coordinated food effort during WWI
- Preached “Rugged Individualism”
- Defeated Catholic, left-wing Alfred Smith (NY)



Election of 1928



Trouble Signs

- Underpinnings of economy aren't great
 - Worker/Manager pay gap
 - Iron and railroad companies failing
 - Surplus foodstuffs hurt farmers
 - Low food prices