

The Dark Side of Normalcy

President Warren Harding promised stability for a war-weary country. Instead his administration took corruption to a whole new level.

By Michael D. Haydock

The night before the Republican Party nominated Warren Gamaliel Harding as its standard bearer in the 1920 presidential election, party leader George Harvey summoned the candidate to his hotel suite. "You should tell us now, on your conscience and before God," Harvey said, "whether there is anything that might be brought up against you that would embarrass the party, any impediment that might disqualify you or make you inexpedient, either as a candidate or as president."

Harding retired to the bedroom to mull over the question. When he returned to the waiting party leaders, he informed them that there was no impediment to his nomination. On the convention's 10th ballot, the 55-year-old Harding became the Republican candidate for president. During his subsequent campaign he took advantage of the postwar public desire for stability and peace by promising voters a "return to normalcy." Instead, Warren Harding presided over one of the most corrupt administrations in American history.

BEFORE BECOMING PRESIDENT, Harding had a less-than-extraordinary political career. Born in Blooming Grove, Ohio, on November 2, 1865, he became the owner-editor of the *Marion Star* in 1884. Tall, handsome, and likable, young Harding became affiliated with Ohio's old guard Republicans, and with their support he was elected to two terms in the state senate and one as lieutenant governor. In 1914, Harding won a seat in the U.S. Senate, but during his term of office the amiable Ohioan demonstrated few leadership qualities.

Several months before the 1920 Republican National Convention, politician and lobbyist Harry M. Daugherty commented that none of the candidates would muster enough votes to win the nomination. He predicted that the weary Republican elders would eventually get together in a smoke-filled room to choose the party's candidate. (The phrase "smoke-filled room"

has since taken its place in political folklore as a synonym for cynical electoral manipulation.) Daugherty expected that the man selected would be his long-time friend and protégé, Warren G. Harding.

Daugherty's predictions were correct. At the convention, Republicans sought a candidate who had offended no one, looked presidential, and would be easily manipulated. One by one they narrowed the possibilities until Harding emerged as an acceptable compromise. As Senator Frank B. Brandegee from Connecticut noted, there were no "first raters" among the candidate, but Harding was the "best of the second-raters."

Once nominated, Harding returned to Marion to conduct his campaign—managed by his old friend Daugherty—from the front porch of his home. There he received delegations of reporters from national newspapers, to whom he granted interviews and offered broad platitudes about government. The candidate even built a three-room house for the reporters behind the home of his next door neighbor, and he met with newsmen there daily.

Personal scandals were never far from the surface with Harding. Married in 1891 to Florence Kling, a strong-willed divorcée whom many credited with the success of the *Marion Star*, Harding was an inveterate womanizer. His father once commented to Warren, "It's a good thing you wasn't born a gal... you'd be in the family way all the time. You can't say no." Whispers of his affairs had long circulated in Marion. Reporters, many from newspapers sympathetic to the Republican party, learned of the candidate's alleged sexual affairs soon after they came to town.

When Harding arrived in Washington as senator, the rumors followed him. After a friend asked Senator Harding to help find a federal job for Ohioan James E. Cross, Harding instead hired Cross's wife, Grace, as a secretary in his office and soon began



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Florence Harding, here with her husband at the White House, proved a great asset to the campaign; she appealed to women voters and was well liked by reporters.

an affair with her. His lengthy relationship with family friend Carrie Phillips was well known in his home town. Yet Harding managed to conceal another affair from almost everyone. For years he had been involved with Nan Britton, an Ohio woman 30 years his junior. According to an account Britton published after Harding's death, Warren fathered her daughter, Elizabeth Ann, in 1919.

Few hints of Harding's personal life, however, reached the general public. Even Mrs. Harding's previous marriage and divorce were concealed. When asked about it, Florence first denied it, then changed her story and said she was a widow. No one reported the inconsistencies in her story. Warren's affairs remained hidden as well. Reporters were reluctant to publish rumors, perhaps even more so because they considered Harding, a former newspaperman, "one of the boys." At the end of the campaign the newsmen even held a private banquet in his honor and told him what a fine president he would make.

When rumors threatened to surface, operatives of the Harding campaign quickly quashed them. In Marion, Carrie Phillips made no secret of her affair with the candidate, so plans were made to buy her silence. A handful of Harding's wealthiest friends and supporters donated money to the "blackmail fund." Assistant party chairman and advertising kingpin Albert Lasker handled the negotiations and pay-off. Phillips received \$20,000, and she and her husband were bundled off on an all-expenses-paid tour of the Far East that lasted until after Inauguration Day. Phillips received an additional \$2,000 each month that Harding remained in office.

Grace Cross, acting either out of jealousy or greed, threatened to make public a series of letters Harding wrote during their affair. The William J. Burns Detective Agency, run by a childhood friend of Daugherty's and noted for its brutal strike-breaking techniques and strong-arm methods, conspired to steal

them. An attempt to burglarize the Crosses' home failed, but the letters were snatched from Cross by her friend, reporter Bertha Martin, as they dined together in a Washington restaurant. Jesse "Jess" Smith, a close friend of Daugherty's, had contacted Martin a few days earlier with a promise of any number of journalistic opportunities if she would seize the letters. When Mrs. Cross checked into the Willard Hotel in Washington the night before the inauguration, agents from the Justice Department and the Burns Agency visited her. Whatever transpired at that meeting caused Mrs. Cross to leave Washington before the inauguration ceremony.

TO A COUNTRY WEARY from the war and Wilsonian progressivism, and feeling the effects of the 1920 National Prohibition Enforcement Act, Harding seemed the ideal man to be the next president. The people yearned for the "normalcy" he promised and swept him into office with 61 percent of the popular vote and 404 electoral votes to his opponent James M. Cox's 127.



Brown Brothers

Harding ran his "front porch" campaign from his home in Marion, Ohio. In August and September 1920, some 600,000 people flocked to the town to hear the Republican candidate.

Once in Washington the new president made a mixed bag of presidential appointments. Some—Charles Evans Hughes as secretary of state and Herbert C. Hoover as head of the Com-

merce Department—were excellent. Others, such as Andrew W. Mellon as secretary of the treasury, delighted pro-business conservatives but dismayed progressives of both political parties. For secretary of the interior, Harding chose New Mexico Senator Albert B. Fall, a financially troubled rancher well known for his anti-conservationist views.

Many of Harding's other appointments were dubious at best. He named Charles R. Forbes head of the Veterans' Bureau as it embarked on a \$35 million program of hospital construction. The Hardings had first met Forbes, an unctuous construction company executive, on a Hawaiian vacation while Warren was senator. Forbes, a one-time army deserter, claimed to have distinguished himself in France by winning the Medal of Honor during the Great War. Harding apparently believed this claim, although the official Medal of Honor rolls show no such award, and Forbes apparently served in a staff, not combat, role during the conflict. On Forbes's coattails came a close friend named Charles F. Cramer, who received an appointment as the bureau's general counsel. Another crony, Colonel Thomas W. Miller, became alien property custodian and was put in charge of disposing of German assets seized during the war. He later used his position for personal gain when he arranged the illegal transfer of a German-owned American subsidiary to a syndicate that paid him handsomely for his action.

Harding made by far his most controversial appointment when he named Harry Daugherty to the post of attorney general. Although Daugherty was a lawyer, he had spent most of his career as a lobbyist and "fixer" in Ohio. Faced with criticism of the appointment, Harding responded, "Harry Daugherty has been my best friend from the beginning of this whole thing. He tells me he wants to be attorney general and by God he will be attorney general."

One of Daugherty's first appointments was that of William J. Burns as head of the Bureau of Investigation (predecessor to the Federal Bureau of Investigation). Burns retained control of his detective agency, adding a formidable force of private agents to his official ones. Daugherty also brought to the Justice Department a clique known as the "Ohio Gang," headed by his old friend Jess Smith, a former storekeeper from his home town. Overweight, myopic, and loud, Smith was Daugherty's constant companion. Although he held no government position, Smith acquired a Justice Department office down the hall from Daugherty. He also had a "little green house on K Street" in Washington, where he and his cohorts peddled influence in the form of withdrawal permits, which allowed liquor to be removed from warehouses for "medicinal purposes" without penalty or prosecution. In addition to providing services and protection to bootleggers, Smith's gang guaranteed an ample supply of liquor for the president's weekly poker sessions at the White House. The regulars who attended these card games included Daugherty, Forbes, Fall, and Smith.

In the spring of 1922, barely a year after the inauguration, Congressman Oscar Keller of Minnesota filed a formidable list of charges with the House Committee on the Judiciary, calling for the attorney general's impeachment. He accused Daugherty of failing to enforce the anti-trust laws; refusing to prosecute war profiteers and bootleggers; obtaining pardons for criminals;

employing corrupt officials in the Justice Department; diverting funds for illegal purposes; ordering federal agents to follow, coerce and intimidate critics in Congress; and failing to prosecute oil companies that were trespassing on government oil lands. Harding dismissed the allegations as a mere partisan attack on the White House. Keller's charges eventually died, but whiffs of scandal in the administration began to emerge.

In the Senate, rumors reached John Kendrick of Wyoming that the government had secretly leased private drilling rights to a naval oil reserve in Wyoming known as the Teapot Dome. The Interior Department denied the allegations, but in fact one of Albert Fall's first acts as interior secretary had been to obtain control of the naval oil reserves, which he did with the president's knowledge. Fall had persuaded Harding that the Interior Department could develop a better long-range policy for the reserves than the Navy Department. Before Kendrick learned of the situation, Fall had begun to lease oil lands to private interests. Harry Sinclair of the Mammoth Oil Company and Edward Doheny of the Pan-American Petroleum Company paid Fall substantial sums for the leases of Teapot Dome and a site in California called Elk Hills. In November 1921, Doheny's son hand-delivered a black bag containing \$100,000 to Fall—a transaction the oil man later characterized as a "loan"—and Sinclair gave Fall more than \$300,000 in government bonds and cash.

On April 29, 1922, the Senate unanimously authorized the Committee on Public Lands to initiate an investigation into what became known as the "Teapot Dome scandal." President Harding defended his secretary of the interior when he told the committee that Fall's oil policy "was submitted to me prior to the adoption thereof, and the policy was decided upon and all subsequent acts have at all times had my entire approval." Nevertheless, the rumors of scandal grew stronger.

The president ignored or dismissed these indications of wrongdoing in his administration, preferring his weekly poker parties and his continuing and dangerous liaison with Nan Britton. According to Britton's account, Secret Service agents escorted her into the White House several times, and she and Harding made love in a small closet just off the Oval Office. On one occasion their encounter was interrupted when a furious Mrs. Harding tried to gain entry to the president's inner sanctum and was barely deterred by a Secret Service agent.

The Justice Department continued to try to hide both its own illegal activities and the president's tawdry private life, but some things could be neither ignored nor concealed. At the Veterans' Bureau, Charles Forbes saw great opportunities for personal profit. With Charles Cramer's assistance, Forbes sold off government supplies as "surplus." In one transaction Forbes and Cramer made a tidy profit from kickbacks when they arranged to sell 84,000 unused bed sheets. The sheets had cost the government \$1.37 each and were sold for \$.26 apiece—at the same time the government was buying 25,000 new sheets.

Forbes also informed a favored contractor, John Thompson of Thompson-Black Construction, of the location and plans for proposed veterans' hospitals. After Thompson's bids were accepted, Forbes received five percent of the company's profits on the work as payment. Harding was furious when he learned about the deal, and he summoned Forbes to the White House.



Library of Congress

Mourners crowd into the cemetery in Marion during the president's funeral.

An eyewitness later reported that the president grabbed Forbes by the throat and shook him "as a dog would a rat, smashed him against the wall and screamed 'You double-crossing bastard.'" Forbes pleaded for forgiveness, and Harding finally allowed him to sail for Europe from where he immediately resigned his post.

Harding chose to keep the matter quiet rather than turn Forbes over to the proper legal authorities, but Congress began its own investigation. Faced with the prospect of testifying before a Congressional committee, Cramer spent the evening of March 16, 1923, writing a series of letters, including one to the president. Then he stood in front of his bathroom mirror and fired a .45-caliber bullet into his brain. The letters he composed that evening somehow disappeared.

Jess Smith created another awkward situation with his sale of liquor patents and other government favors. Already distressed about the Forbes situation, the president told Daugherty to speak with Smith about the allegations. Daugherty reported that the rumors were unfounded, but the stories persisted. Harding ordered Daugherty to "get [Smith] out of Washington."

Jess Smith spent Memorial Day 1923 at Daugherty's Wardman Park Hotel apartment burning records of his own private accounts and a number of documents he had taken from the Justice Department. The attorney general was Harding's guest at the White House at the time, but Daugherty sent one of his assistants, William F. Martin, to stay with his friend. Early the next morning, Martin said, he was awakened by a noise that sounded like a door slamming. He found Jess Smith dead, sprawled on the floor. His head was in a metal wastebasket among the ashes of the burned papers, and he had a .32-caliber revolver clutched in his hand. Martin immediately called William Burns, who also lived at the Wardman Park Hotel, and Burns quickly took charge of the investigation. Smith's death, ruled a suicide, made front page news, but Washington soon rang with rumors that Smith, was murdered because of his knowledge of the Ohio Gang and its dealings.

While the Senate investigation of the oil leases was barely under way early in 1923, Interior Secretary Fall resigned from office and retired to his New Mexico ranch. Both his personal financial status and the ranch had much improved as a result of the payments and gifts from his oil friends. Fall began to plan a trip to Russia with oil man Sinclair to negotiate drilling rights there. He sought and obtained Harding's approval for the trip.

At the same time, President Harding announced plans to seek reelection. He and Florence and a large party from Washington planned a 1,500-mile, two-month trip to Alaska, with stops at cities along the way. Harding called the journey a "voyage to understanding." He intended "to learn more about the United States of America and... to have the people of the United States know more about their government."

That June, many members of Harding's traveling party noticed that he appeared withdrawn and depressed. Calling Herbert Hoover to his cabin aboard the USS *Henderson* one day, the president intimated that he had heard rumors, centering on Smith, of irregularities at the Justice Department. "If you knew of a great scandal in our administration, would you for the good of the country and the party expose it publicly, or would you bury it?" Harding asked his commerce secretary. Hoover responded that it should be published, and the president remarked that such a course would be politically dangerous. Harding dropped the subject and did not bring it up again. Later he told reporter William Allen White, "My God, this is a hell of a job! I have no trouble with my enemies. I can take care of my enemies all right. But my damn friends, my God-damn friends, White, they're the ones that keep me walking the floor nights!"

On July 27 the president delivered a speech in Seattle, but he seemed tired and listless. After traveling to San Francisco, Harding took to his bed at the Palace Hotel, where his physicians declared him to be in a state of utter exhaustion. The president's condition worsened that evening with the development of bronchopneumonia. He died at 7:30 P.M. on August 2, 1923. His

doctors believed the cause of death was a cerebral hemorrhage, but Florence Harding refused to permit an autopsy.

Rumors spread that Mrs. Harding had poisoned her husband because of his adulteries, or that he had committed suicide. Harding's health, however, had been declining since 1922 when he began to tire easily and complained of chest pains. Herbert Hoover later wrote, "People do not die from a broken heart, but people with bad hearts may reach the end much sooner from great worries." Harding's death brought forth a great outpouring of grief. Hundreds of thousands of citizens lined the tracks as a funeral train carried the president's body to Washington to lie in state before being returned to Marion.

When Florence Harding returned to the White House after the funeral, she systematically destroyed many of her husband's papers. She began with those in his locked desk in the Oval Office and in the safe in his second-floor study. Major Ora M. Baldinger, military aide to the late president, burned many of the papers in a fireplace at the First Lady's request, while she stood by the hearth, stirring the ashes with a poker. The destruction went on for five days. No one knows exactly what went up in smoke.

A Senate committee under Thomas Walsh was already looking into the Teapot Dome scandal, and in 1924 Senators Burton K. Wheeler and Smith Bookhart began investigating Daugherty. In the following months Congressional hearings led to legal action against various members of Harding's administration. As the investigations and trials dragged on, the public became less concerned with government wrongdoing and more interested in enjoying the prosperity under President Calvin Coolidge and the joys of the Jazz Age. The investigators endured more condemnation than those who had defrauded the government. Senators Walsh and Wheeler were castigated as "scandal-mongers," "mud-gunners," and "assassins of character," while the investigations themselves were widely decried as "a Democratic lynching-bee." Daugherty remained as attorney general after Coolidge became president, and he used Burns's Bureau of Investigation agents to uncover unfavorable information about the investigators. In April 1924, the Justice Department actually indicted Senator Wheeler for conspiracy to defraud the government by allegedly continuing to practice law before a federal agency after he was elected senator, but before he was sworn in. It took the jury only 10 minutes to acquit him.

Daugherty consistently refused to supply congressional investigators with requested files, decrying the demands as a "fishing expedition." President Coolidge finally demanded Daugherty's resignation, and the former attorney general was tried twice for graft. The first case resulted in a hung jury, and the second in an acquittal due to insufficient evidence. Daugherty refused to testify, citing the Fifth Amendment and claiming that any other course would leave a deep stain on Harding's memory.

Others involved in the scandals fared far less well. Harry Sinclair and Edward Doheny both went to jail; Doheny's son, who had transmitted the bribes to Secretary of the Interior Fall, committed suicide; and Fall gained the dubious distinction of being the first cabinet officer convicted of criminal misconduct in office. Found guilty of accepting bribes, he was sentenced to a year in a federal penitentiary and fined \$100,000.

Of those involved in the Veterans' Bureau scandal, Charles Forbes and contractor John Thompson received two years in jail and a \$10,000 fine each. Forbes's jail term began at Leavenworth in March 1926, but Thompson, who suffered from heart problems, died before his prison sentence began.

Warren Harding's reputation continued to sink. In 1927, Nan Britton published *The President's Daughter*, a book that told her story of their long affair. In 1965, after Carrie Phillips died, letters from Harding found in her house confirmed their illicit relationship.

These revelations overshadowed Harding's actual accomplishments. He had convened the Washington Naval Conference on the limitation of armaments (the first peace summit); signed the Sheppard-Towner Act, which provided funding for state programs on infant mortality and health care for women and children; and pushed the 1921 Federal Highway Act through Congress, which furnished a \$75 million appropriation for a national highway system. Nevertheless, Warren G. Harding is remembered for presiding over an administration known for its flagrant corruption—brought about by a president who was lifted to a post beyond his powers.

Freelance writer Michael D. Haydock is a frequent contributor to American History.