

# “Mister, We Could Use a Man Like Warren Harding Again!”

by Steven Hayward | July 12, 2011 6:55 am

Baby-boomers and watchers of the TV Land channel will recall the line from “Those Were the Days”—the custom version written as the theme song for “All in the Family,” not the more familiar Charles Strouse/Lee Adams composition—which runs, “Mister, we could use a man like Herbert Hoover again!” Norman Lear no doubt thought the invocation of Hoover, the Democratic Party’s go-to whipping boy for decades, would help hammer home his main purpose of mocking conservative middle class Americans.

Of course, he, like most liberals, had Hoover wrong. For all of Hoover’s virtues, we cannot count sound economic policy among them. As Dan Mitchell [1] and others [2] have pointed out, Hoover increased government spending 47 percent in his one term, raised taxes, and signed off on the disastrous Smoot-Hawley tariff, which first caused Franklin Roosevelt to run against Hoover’s profligacy, but later caused Rex Tugwell to say later that “practically the whole New Deal was extrapolated from programs that Hoover started.”

If Lear really wanted to raise hackles, he would have changed the lyrics to, “Mister, we could use a man like Warren Harding again!” Now that would have raised some eyebrows and hackles alike. No president is held in lower regard than Harding. Yet watching the Obama Administration’s economic performance makes me think Harding is exactly the kind of president we need today.

I’ve been delving into Harding biographies and histories of his time for my current book project (more about this in due course as it gets closer to publication next year), and most everything you think you know about Harding is wrong, except for the bit about his assignations in a White House closet with one of his mistresses.

Did you know, for example, that Harding was the person most responsible for popularizing the now commonplace phrase, “the Founding Fathers”? Or that he gave speech in Birmingham, Alabama that shocked the segregated audience when he called for racial equality?

There’s much more in this vein to recommend Harding, but what concerns us most acutely today is Harding’s economic policy, especially his response to the economic crisis of 1920-21 that can only be described as a depression. World War I had left the nation with runaway inflation and a soaring debt. The national debt had increased from \$1 billion in 1914 to \$24 billion by 1920—a spending growth record that Obama must surely envy. The economic collapse of 1920 saw GDP shrink by a quarter, unemployment rise to about 15 percent (there were no official unemployment statistics in those days), and business bankruptcies soar.

So what did Harding do? A “stimulus”? A jobs program? “Targeted” tax cuts? Government bailouts for ailing companies? Nope—he cut government spending sharply and rapidly (by almost 50 percent), began cutting tax rates across the board, and allowed asset values and wages to adjust freely as fast as possible. Harding’s administration, Paul Johnson observed, “was the last time a major industrial power treated a recession by classic *laissez-faire* methods, allowing wages to fall to their natural level . . . By July 1921 it was all over and the economy was booming again.” The Cato Institute’s Jim Powell offers a more complete summary [3] of Harding’s soundness on economic policy, but suffice it to say that Harding’s traditional approach prevented the depression of 1920-21 from becoming a Great Depression, and in fact set the stage for the roaring twenties.

All of this comes to mind noting how just about every policy of the Obama Administration has chosen has extended the economic doldrums of the moment. The *Wall Street Journal* reminds us again this morning about how Obama recently expressed bewilderment that the housing market “hasn’t bottomed out as quickly as we expected.” One of the principal reasons for this was Obama’s \$8,000 home-buyer tax credit in 2009 and 2010 that, like all Keynesian-style narcotics, juiced the market temporarily, but had the effect of prolonging our pain by delaying the necessary adjustment of housing values to their intrinsic level. Now the Administration is said to be “ramping up talks on how to revive the housing market.”

Here’s a suggestion. How about just staying out of the way. Just stop. And follow Harding’s lesson in reducing debt, too. I know, the thought Obama could be half the president Harding was is too much to ask.

## Endnotes

1. Dan Mitchell: <http://danieljmitchell.wordpress.com/2011/07/10/heres-more-evidence-for-andrew-sullivan-about-herbert->

hoovers-big-government-statism/

2. others: <http://www.mackinac.org/4026>

3. Jim Powell offers a more complete summary: <http://www.nationalreview.com/articles/226645/not-so-great-depression/jim-powell>

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