The History of the Twentieth Century
Episode 229
“Teapot Dome”
Transcript

[music: Fanfare]

As unsavory as Charles Forbes’s conduct was at the Veterans’ Bureau, that scandal would be no more than a warm-up to the main event, a scandal that would lead to the first ever criminal indictment and conviction of a US Cabinet secretary and shatter a nation’s confidence in its President.

Welcome to *The History of the Twentieth Century.*

[music: Opening Theme]

Episode 229. Teapot Dome.

If you’ve been listening to this podcast since the Kaiser Wilhelm days, you’ve already heard me discuss how in the early twentieth century, the size of a nation’s navy, and in particular, the number of its dreadnought battleships, was regarded as a proxy for the military strength of that nation. You also heard me talk about how these first decades of the twentieth century saw a changeover from coal to petroleum as the fuel source for these mighty battleships, and how the need to stake out and protect petroleum reserves became a matter of national security. In the United States, which has plentiful petroleum deposits, certain oil fields on Federal lands in Wyoming and California were designated as Naval Petroleum Reserves, to be set aside for use by the Navy in the event of war.

In February 1920, what with the war being over and all, Congress enacted a law that gave the Secretary of the Navy authority to lease oil drilling rights in these naval reserves. The leases did not need to be publicized or put out for competitive bidding; they could be awarded at the Secretary’s discretion. During this final year of the Wilson Administration, Wilson’s Secretary of the Navy authorized only a few small leases, much to the annoyance of his Interior Secretary, Franklin Lane, who wanted to see much more aggressive development. But that’s the last year of the Wilson Administration in a nutshell: Cabinet members quarreling, and the President unable or unwilling to decide the arguments.

When Harding became President, his Interior Secretary, Albert Fall, likewise advocated for aggressive development of the naval reserves. Harding's Navy Secretary, Edwin Denby, concurred. After all, in the event of a war or other national emergency, raw petroleum in the ground would be worthless. What the Navy needed was refined petroleum products ready to be pumped into ships. So Fall and Denby made an agreement that Albert Fall's Interior Department, which had more experience in such matters, would take the lead in leasing the drilling rights. President Harding approved this arrangement.

This brings us back around to what I told you in the previous episode. Fall approved leases to two prominent oil companies headed by two prominent figures in that industry: Harry Sinclair and Edward Lawrence Doheny. Some in the Senate raised questions, which led to an investigation to be led by Montana Democratic Senator Thomas Walsh. Then Senators Walsh and LaFollette were shadowed, wiretapped, and their offices searched. I told you last time that Fall resigned in March 1923, but what I didn't tell you is that he promptly got a new job at Sinclair Oil, the same company he'd sold some of those leases to.

The Senate investigation of Teapot Dome drew a blank at first. The Interior Department supplied plenty of documentation, including copies of the leases and the circumstances under which they'd been awarded. Yes, it had been done in secret and without competitive bidding, but Congress had authorized the Navy to award the leases in that way, and so everything was perfectly legal. It had all been done in the public interest, and with an eye toward national security, or so the Interior Department said.

Walsh conducted public hearings that began on October 24, 1923, just two days after the Veterans' Bureau hearings began. Unlike that case though, in which Elias Mortimer was willing to tell all he knew, the Walsh investigation had no concrete evidence of wrongdoing. It only had a set of circumstances that didn't quite pass the smell test. Albert Fall testified that he had awarded the leases with the most honorable of intentions and had not received anything of value from Sinclair or Doheny while he was Interior Secretary. Harry Sinclair and Edward Lawrence Doheny were both brought in and asked point blank if Albert Fall had been given any direct or indirect benefit of any kind in exchange for the awarding of the leases. Both of them answered unambiguously in the negative.

The Walsh investigation might have ended right here, fruitlessly, were it not for an intrepid journalist in Albert Fall's native New Mexico, Carlton Magee, founder and editor of the New Mexico State *Tribune*, which would later be renamed the Albuquerque *Tribune.* Magee reported that since becoming Interior Secretary, Albert Fall, who made $10,000 per year in his government position, spent over $150,000 expanding and improving his ranch in New Mexico. This figure included the purchase of a neighboring ranch for almost $100,000, which Fall paid for in cash. Magee also uncovered witnesses who reported that Harry Sinclair had been a frequent guest at the Fall ranch and had gifted him some livestock. Senate investigators, once they were tipped off to look at the ranch, discovered from public records that Fall had not paid property taxes on his ranch for ten years, from 1912 to 1922, at which point he suddenly paid the full amount due in one lump sum.

When this news broke, Fall was at the ranch in New Mexico. He was summoned back to Washington for questioning about the source of all this money. He protested that he was ill and offered to send his son-in-law to represent him. That didn't fly with the committee. So Fall traveled from New Mexico back to Washington, but by a curiously slow and circuitous route that took him first to Chicago, then New York City, where he met with Edward Lawrence Doheny, then to Atlantic City, where he met with Edward McLean—more about him in a minute—and only then on to Washington, where he holed up at the Wardman Park Hotel and sent the Walsh committee a long letter, pleading poor health and explaining that the $100,000 had been a loan from that same Edward McLean.

Edward McLean was a publishing magnate. He owned the Washington *Post* and the Hope Diamond and was a colorful and quixotic figure. The Washington society elites nodded knowingly when Fall told the committee the money had come from McLean. McLean was known to be a friend of Albert Fall's, as he had been chummy with Warren Harding. McLean had been another regular at those White House poker games. A $100,000 cash loan was just the sort of wild and crazy thing Ned McLean might get up to.

But when the Walsh committee wanted testimony from McLean, he was suddenly in poor health, too. He left Atlantic City for Palm Beach, Florida, where he sent the committee a letter corroborating Fall's testimony about the loan. He also sent two of his attorneys to Washington, one of them former Attorney General Mitchell Palmer, to lobby the committee not to subpoena their client because, you know, he's just so sick. Oddly enough, Albert Fall was also in Palm Beach now, also ostensibly for his health.

Again, a lot of people in Washington thought the matter was settled, but just to make sure it was settled, Edward Lawrence Doheny now offered to take on Senator Walsh and his brother as partners in a lucrative new oil deal. Walsh turned the deal down and continued his pursuit of the investigation. If the mountain would not come to Mohammed, then Mohammed would go to the mountain. Walsh went to Palm Beach himself as a subcommittee of one to take McLean's testimony under oath. But once he was put under oath, McLean changed his story. No, he had not loaned that money to Albert Fall, despite his earlier claim that he had. He was not willing to lie about it under oath.

Walsh then tried to see Albert Fall, but Fall refused to meet with him. He sent Walsh a letter in which he acknowledged the money had not come from McLean after all. He would not say where it did come from, though he continued to deny it had come from either Doheny or Sinclair.

When Walsh returned to Washington, he was contacted by the Assistant Secretary of the Navy, Theodore Roosevelt, Jr. And yes, this is the son of the former President, and yes, this is the *third* time we've met an Assistant Secretary of the Navy named Roosevelt in this podcast. Anyway, Assistant Secretary Roosevelt informed Senator Walsh that his younger brother, Archibald Roosevelt, had some information that would be of interest to the Senator's investigation.

Archibald then appeared voluntarily before the Walsh committee to testify that when he had been working as a vice-president at Harry Sinclair's oil company, he had overheard the boss's private secretary say that the boss had advanced $68,000 to the foreman of Albert Fall's ranch. This would be a separate amount from the $100,000 in cash already under scrutiny. Walsh promptly called Sinclair's private secretary before his committee.

The secretary testified that Mr. Roosevelt had misheard him. What he actually said was that Sinclair had advanced the ranch six to eight cows, not 68,000. The secretary also told the committee that Harry Sinclair had recently departed for an extended trip to Europe and would therefore, sadly, be unavailable to testify. Oh, and by the way, he had ordered all his financial records, his ledgers, checkbooks, and so forth, removed from his office before he left. Huh.

Archibald Roosevelt was then recalled before the committee. He testified that no, he was sure what he heard, and in any case, Sinclair's secretary had confirmed the truth of Roosevelt's story just this morning, in a private phone call. Oh, and Archibald's big brother, Theodore Jr., the Assistant Naval Secretary, had been listening in, if anyone wanted corroboration on that.

Okay, so when Albert Fall awarded these leases to Sinclair and Doheny, that in itself was legal. It only would be illegal if Fall had been paid a bribe in return. But Walsh now had on the record evidence that Fall had received two very substantial cash gifts, one from Sinclair and one quite probably from Doheny, just around the time the leases were granted. That looked very suspicious.

Something needed to be done, and Edward Lawrence Doheny decided he was just the guy to do it. He voluntarily appeared before the Walsh Committee on January 23, 1924. The hearing room was packed with reporters, and with most of the members of the US Senate, who had forsaken their other duties to witness Doheny's testimony firsthand.

With the air of a titan of corporate capitalism explaining the ins and outs of high finance to a room full of kindergarteners, Doheny made his attempt to set the record straight. Yes, he had given Albert Fall a "loan" of $100,000, but that was a personal matter and had nothing to do with Teapot Dome. He had given the loan more than a year before his company was awarded the lease, so that proved there was no connection. As for the leases themselves, his interest in them was pure patriotism. His country needed his help, and he was glad to offer it, although under questioning, Doheny conceded that his company would make well over $100,000,000 drilling in those fields, or more than $2 billion in today's money. That's quite a lot of patriotism.

Doheny went on to claim that he and Fall were longtime comrades. While it was true they had crossed paths in the past, when they were both young men, prospecting the Wild West for its mineral wealth in the 19th century, they were hardly close. Still, his old buddy had been striving to keep his name out of the investigation out of loyalty. A misguided loyalty, Doheny insisted. He had actually told Fall to come clean on the whole thing, as there was nothing to worry about. Neither of them had done anything remotely improper.

No, Doheny had been moved to offer Fall a small loan because Fall's ranch was struggling and Fall wanted dearly to turn the ranch around and make it a success. So Doheny made the loan, knowing how important the ranch was to his dear friend. $100,000. In cash. Carried in a satchel to Fall's ranch by Doheny's son. Walsh pointed out that "[y]ou are a man of large affairs and of great business transactions…was it not an extraordinary way of transmitting money?"

Not at all, Doheny insisted. To a man of his wealth, $100,000 was nothing. A "mere bagatelle," as Doheny put it. For him to carry around $100,000 in cash and loan it to a friend would be like an ordinary person, say a United States Senator, walking around with $25 in cash and loaning that to a friend who needed it. It was a trifle.

I'll pause here to note that the amount of this cash loan is equivalent to about two million US dollars in today's money.

Doheny went on to argue that since the money came from him personally, and not from his oil company, that meant he had been perfectly honest in his earlier testimony before the committee, when he had said that Fall had enjoyed no profit whatsoever from his oil company in exchange for the awarding of the oil leases.

The icing on the cake here is that, while he was giving this testimony, Edward Lawrence Doheny was also conspicuously passing notes back and forth with a member of the audience, Republican Senator Reed Smoot of Utah. Walsh asked what the notes were about, and Doheny told him. Senator Smoot was asking Doheny on behalf of a friend to check out some oil fields in California.

Seriously? In the middle of the largest public corruption investigation in US history, a sitting US Senator is asking for more favors from one of the investigation's targets?

Huh.

It was no longer possible to give any of these guys the benefit of the doubt. The Walsh committee concluded its investigation in spring of 1924, and President Coolidge appointed a two-person team of special prosecutors to further pursue the case, one Republican, Philadelphia lawyer Owen J. Roberts, and one Democrat, former Ohio Senator Atlee Pomerene, to keep the investigation nonpartisan.

Albert Fall, Harry Sinclair, and Edward Lawrence Doheny were all indicted. The Supreme Court ultimately invalidated the oil leases on grounds of corruption, and oil drilling would not resume at Teapot Dome until 1976. Albert Fall was found guilty and sentenced to a year in prison. Harry

Sinclair was tried, but hired a private investigator to tamper with the jury. The investigator found a juror who was short on money and offered him a substantial bribe to hold out for acquittal. Unfortunately for Sinclair, the juror went to his local speakeasy, got drunk, and began bragging about how he was going to get rich off the Sinclair case. The judge declared a mistrial and Sinclair served six months in prison on a contempt charge. Edward Lawrence Doheny was acquitted of bribing Fall, despite the fact that Fall was convicted of receiving the same bribe, which led one US Senator to declare that there might as well be a law saying that no person worth more than $100,000,000 could ever be convicted of a crime.

The new President, Calvin Coolidge had kept on Harding's appointees. Coolidge adopted an attitude of "innocent until proven guilty." At the same time, he supported the Senate investigations and said those would get to the bottom of the matter. Democrats did their best to pin the Teapot Dome scandals on Coolidge—after all, he was present at the Cabinet meeting when the Teapot Dome drilling leases were awarded—but it never stuck.

The one exception to Coolidge's rule of continuity with the Harding Administration was Attorney General Harry Daugherty. As evidence of his misconduct became overwhelming, prominent Republicans pressed Coolidge to get rid of him, included Secretary of State Charles Evans Hughes and Secretary of Commerce Herbert Hoover. Coolidge eventually asked for Daugherty's resignation in March 1924 and replaced him with Harlan Fiske Stone, the Dean of Columbia Law School. The following year, Coolidge would appoint Stone to the Supreme Court; he would be Calvin Coolidge's only appointment to that court. As a Supreme Court Justice, Stone would prove a moderate, often aligning with Holmes and Brandeis against the *Lochner* Era conservatism of Justices like McReynolds, Butler, Sanford, and Sutherland.

Coolidge's laid-back approach meant that Harding Cabinet appointees did most of the actual governing. This was particularly true of Treasury Secretary Andrew Mellon and Commerce Secretary Herbert Hoover, who called most of the shots on questions related to business and finance. Mellon advocated lowering income taxes, on the argument that lower tax rates would actually bring in more revenue to the government, a claim that is a perennial favorite with Republican administrations, no matter how many times it gets proved wrong. Nevertheless, this *is* the decade known as the Roaring Twenties, although the actual roar didn't get going until about 1924, too late for Warren Harding but just the right timing for Calvin Coolidge.

Attorney General Harry Daugherty was also indicted for receiving bribes in exchange for government contracts, part of the shady business going on at The Little Green House on K Street. He was tried twice, but both cases ended in hung juries. The government declined to try a third time. At least part of the difficulty the prosecutors faced was that Jess Smith had destroyed all the evidence before his suicide.

[music: Blake and Sissle, "I'm Just Wild about Harry"]

The collection of scandals uncovered within the Harding Administration became known collectively as Teapot Dome, although the Teapot Dome oil leases were only one crime among many. Teapot Dome was the biggest scandal in American history up to this time, and would remain the benchmark for government corruption until the Watergate scandals of the 1970s. It was the first time an American Cabinet official had been convicted of a crime.

The Harding Administration scandals rocked the country and destroyed the reputation of the late President. In considering the effect the scandals had on the public, it's worth noting that it was just two years earlier, in 1921, the biggest scandal in baseball had broken. I'm referring of course to the 1919 Chicago White Sox. At the time, they were one of the most accomplished teams in baseball—they'd won the 1917 World Series—while the team's owner, Charles Comiskey, had a history of paying his players poorly and mistreating them besides. For example, in 1917, Comiskey promised pitcher Eddie Cicotte a bonus if he won 30 games. After Cicotte won his 29th game, Comiskey benched him for the rest of the season. He was also notorious for charging his players the cost of laundering their uniforms.

Gambling on baseball games was a fact of life in 1919, and when the White Sox made it to the World Series again, to face the Cincinnati Reds, the early odds were 5-1 in their favor. But the day before the series opener in Cincinnati, rumors began to fly that the series was fixed. When Chicago lost the first game 9-1, their odds plunged. Chicago lost the second game as well, 4-2. In fact, several of the players had agreed to take bribes from bookies to lose the series, but the gamblers were not paying up and some of the players were having second thoughts. Chicago won the third game, which cost the gamblers quite a bit of money, which induced them to start paying up. Chicago went on to lose games four and five.

But it was a nine-game series that year, so Chicago was down four games to one, but it wasn't over yet. The gamblers missed another payment and Chicago went on to win games six and seven. At this point, it seemed possible that Chicago might win the series, which would have been disastrous for the gamblers. They were winning and losing on individual games, but the big money was on Chicago to lose the series. Racketeering kingpin Arnold Rothstein then threatened pitcher Claude Williams and his wife. Williams threw the eighth game, ending the series in a Cincinnati victory.

Despite the rumors of a fix, and the strange progression of the 1919 World Series, most American doubted that the World Series was or even could be fixed. Baseball owners and insiders might have let the matter drop, except that emboldened crooks like Rothstein continued to offer players bribes into the 1920 season. Baseball players generally were not well paid at the time, and it became clear this problem was getting worse, not better.

In September 1920, a grand jury in Chicago began an investigation. Two White Sox players, Cicotte and Joe Jackson, known as "Shoeless Joe," confessed to the grand jury. Eight players and a few small-time gamblers, but not Arnold Rothstein, the probable mastermind, were put on trial in 1921. The jury acquitted them all, but the baseball commissioner banned all eight players from the game for life. The ban continues until our time; these eight players are still deemed ineligible for the Hall of Fame, although conflicting stories and even retractions of confessions muddy the waters, and it's difficult to assess which players were willing participants or unwilling participants, or dupes.

The case came to be known as the "Black Sox" scandal and is still regarded as the biggest scandal in baseball history, It's probably not that big a deal in historical terms. Still, the one-two punch of the Black Sox scandal in 1921, to be followed by the Teapot Dome scandals in 1923 and 1924, had a significant cultural influence. They made cynics out of a generation of Americans, and along with the senseless bloodshed of the Great War, did much to undermine traditional authority figures in the minds of younger people during the Roaring Twenties and beyond.

As for Warren Harding, a further blow to his reputation was struck in 1927, after the full ugliness of the Teapot Dome scandals had been revealed. His mistress, Nan Britton, published a book titled *The President's Daughter,* in which she detailed their relationship and named Harding as the father of her daughter, born in 1919, when Nan was 22 and Harding was 53. She described Harding coming to visit her during the 1920 Republican convention and detailed one memorable incident of sex in a White House closet.

The book was shocking for its time. Many booksellers refused to carry it. Britton was widely accused of libeling a dead man for profit. She responded that she had published the book to provide for her daughter, something the girl's father had never done. In our time, DNA tests have confirmed that the girl was indeed the child of Warren Harding.

The President's widow, Florence Harding, died on November 21, 1924, just fifteen months after her husband. During that period, she had been contacted by the Library of Congress about the President's papers. She put them off, saying she was organizing and inventorying them. In early 1924, Frank Doubleday of the publishing firm Doubleday, Page, and Company, offered to publish a volume of the President's letters, but Mrs. Harding turned down the offer.

In fact, Flossie was pulling together all the paperwork she could find, including letters and the files from the Marion *Star* and destroying them.

Mrs. Harding was laid to rest beside her late husband in a grave in their hometown of Marion, Ohio. The site had been purchased by the Harding Memorial Association, established after the President's untimely death, and funded by a million dollars raised from private donations. Above the graves was built a grand memorial in the form of a Greek temple encircled by 46 Doric columns, each 28 feet high and made of marble.

Dedication of the completed memorial was scheduled for the Fourth of July, 1927, but by then Harding's reputation was in tatters. President Coolidge was invited to speak at the ceremony, but he declined. Too busy, he said. He remained too busy to dedicate the memorial for the rest of his term. His successor, Herbert Hoover, when contacted by the Memorial Association, told them by letter that he was unavailable for the foreseeable future. His letter added, “If, under the circumstances, the Association feels that it should go ahead with the arrangements for the dedication without his presence, the President will, of course, understand. In fact, he thinks that perhaps that would be the best course to pursue.”

The Association didn’t take the hint, and eventually President Hoover relented. The dedication ceremony was finally held on June 16, 1931. Hoover made a speech in which he praised the late President, but also noted, “Here was a man whose soul was seared by a great disillusionment…Harding had a dim realization that he had been betrayed by a few of the men he had trusted, by men whom he believed were his devoted friends. It was later proved in the courts of the land that these men had betrayed not only the friendship and trust of their staunch and loyal friend but that they had betrayed their country. That was the tragedy of the life of Warren Harding.”

Hoover let him off easy, and many historians are content to follow his lead in depicting Harding as the innocent, bumbling victim of shysters and schemers operating behind his back. In fact, as we have seen, Harding had more than a dim realization of the scandals in his Administration, and up to the day of his death, the only concerns he had demonstrated were for keeping the crimes hidden and containing the political fallout. That, plus Nan Britton’s book, give us a truer picture of the character of Warren G. Harding.

In the early days after his death, a number of newspaper columnists confidently predicted that Warren G. Harding would be remembered as one of the greatest of US Presidents. Then the scandals came out. Afterward, his reputation plummeted. In our time, historians put Harding near the bottom in their rankings of US Presidents. His shade must be grateful to James Buchanan and Andrew Johnson, the only two Presidents who consistently rank lower.

We’ll have to stop there for today. I thank you for listening, and I’d especially like to thank Steven and Timo for their kind donations, and thank you to Ryan for becoming a patron of the podcast. Donors and patrons like Steven, Timo, and Ryan help cover the costs of making this show, which in turn keeps the podcast available free for everyone, so my thanks to them and to all of you who have pitched in and helped out. If you’d like to become a patron or make a donation, just visit the website, historyofthetwentiethcentury.com and click on the PayPal or Patreon buttons.

The podcast website also contains notes about the music used on the podcast. Sometimes it’s my own work, sometimes it’s licensed, but many times, the music you hear here is free and downloadable. If you hear a piece of music on the podcast and you would like to know more about it, including the composer, the performers, and a link to where you can download it, that would be the place to go. While you're there, you can leave a comment and let me know what you thought about today's show.

Next week is a bye week for the podcast, but I hope you'll join me in two weeks' time, on *The History of the Twentieth Century*, as we move beyond the Harding scandals and take a look at America's 30th President. Keep Cool with Coolidge, in two weeks' time, here, on *The History of the Twentieth Century.*

Oh, and one more thing. Well, several things, really.

Harry Daugherty returned to his law practice in Ohio after his two mistrials. In 1932 he retired and published a book titled *The Inside Story of the Harding Tragedy*, in which he too made the case that both he and Harding were innocent victims. That book was ghostwritten by none other than Thomas Dixon, connoisseur of white sheets and author of the novel *The Clansman*, upon which the film *Birth of a Nation* was based, episode 104. His work inspired the rebirth of the Ku Klux Klan. I can't speak for Daugherty, but personally, I would have chosen a different collaborator.

Harry Daugherty died in 1941, at the age of 81.

Albert Fall was released from prison in 1932, at the age of 71. Apparently, he was already in poor health at that time. He died in 1944, at the age of 83.

Harry Sinclair served six months for contempt of court, but remained a wealthy man, although his reputation was destroyed. He retired from the Sinclair Oil Company in 1949, and passed away in 1956, at the age of 80. There is still a Sinclair Oil Corporation in our time, still using as its logo the distinctive green silhouette of a brontosaurus, first introduced in 1930.

Edward Lawrence Doheny was never convicted of a crime and never served prison time, but this is not to say he was untouched by his involvement in the Teapot Dome scandal. In addition to Doheny himself, his only son—Edward Junior, known as Ned—was indicted as the "bagman" who carried the satchel containing the $100,000 to Albert Fall's ranch. Also implicated was Ned's close friend and personal assistant, Hugh Plunkett. In February 1929, with their trials looming, Ned and Hugh got into an argument at the Doheny home in Los Angeles late at night. Shots were fired and both men killed, apparently a murder-suicide, although there are conflicting accounts of who killed who. There were also rumors the two men were lovers, and by some accounts it was hours after the shootings before the police were called. No doubt the stress of the pending trials played some role here, but exactly what happened remains unclear.

The elder Doheny continued to fend off civil lawsuits as his health deteriorated. He died in 1935, at the age of 79. Doheny's Pan American Petroleum and Oil Transport Company merged with Standard Oil of Indiana in 1954 to become Amoco Corporation, which in turn was acquired by BP in 1998.

Ned Doheny left behind a widow and five children after his death in 1929, including a daughter, Lucy, who married Waldemar van Cott Niven. In 1938, the couple had a son named Laurence van Cott Niven. In December 1964, at the age of 26, Laurence van Cott Niven published his first science fiction short story in *If* magazine under the name Larry Niven. In 1967, Larry Niven won his first Hugo award for the short story “Neutron Star,” and in 1970, a Hugo and a Nebula award for his novel *Ringworld.* He would go on to become one of the biggest names in the field, and would credit his great-grandfather, Edward Lawrence Doheny, for providing the financial support that allowed him to develop his craft as a writer.

[music: Closing Theme]