The History of the Twentieth Century
Episode 257
"An Orgy of Speculation"
Transcript

[music: Fanfare]

"The millionaires of America make corners as if they had nothing to lose. Let some amuse themselves financing as if it were only an expensive game. The English, however speculative, fear poverty. The Frenchman shoots himself to avoid it. The American with a million speculates to win ten, and if he takes losses takes a clerkship with equanimity. This freedom from sordidness is commendable, but it makes a nation of the most degenerate gamesters in the world."

The London *Spectator,* in the aftermath of the Panic of 1884.

Welcome to *The History of the Twentieth Century.*

[music: Opening Theme]

Episode 257. An Orgy of Speculation.

The American penchant for playing the stock market as if on holiday at a particularly glamorous casino was well established by the late 19^{th} century, as the quote I just read to you demonstrates.

In 1896, the journalist Charles Dow, founder of *The Wall Street Journal,* invented the Dow Jones Industrial Average as a mechanism for measuring the performance of the New York Stock Exchange. It was originally just the mean of the share prices of twelve prominent corporations. In 1916, the average was enlarged to twenty, and in 1928, it was further increased to thirty. Also over time, the choice of stocks that comprise the average changed as one company was swapped out for another. None of the original twelve are still part of the average today. When stocks in the average change or split, a coefficient is added to compensate, so that it doesn't affect the average.

The Dow, as savvy investors call it, is not a perfect measure of the stock market, but it is the oldest, and it is the only one that provides us with a consistent set of numbers that go all the way back to the beginning of the twentieth century. So that makes it useful to a historian.

At the dawn of the twentieth century, despite the well-known American tendency to speculate, only a small percentage of the population of the United States actually owned stocks. Mutual funds and pension plans did not yet exist and most Americans simply couldn't afford to invest in equities. Keep in mind that in those days, stocks were a risky investment, especially for outsiders. Most of the wealthy individuals who did own stock were also managers and directors of large businesses. They had inside information on their own companies and were privy to rumors about the doings inside others. Insider trading was commonplace. This is when corporate insiders buy stock in their own company when they have prior knowledge of a company windfall, or conversely sell it when they learn of bad news that hasn't become public yet. Investors outside the circles in which the privileged few moved did not have access to this valuable information, and therefore often found themselves on the wrong side of insider trades, selling just before the price went up; buying just before the price went down. Federal regulation of stock trading was nonexistent; state regulation was practically nonexistent. It was the Wild West and it was a dangerous place for the unwary.

The Dow hit its all-time low of 28 just weeks after it was created; that was during the Panic of 1896. From the beginning of the twentieth century through July 1914, when the Great War began, the Dow rose sometimes and dropped other times, especially during the Panics of 1901 and 1907, but the long-term trend was flat. The Dow never sank below 50 and only rarely reached 100. On July 30, 1914, when trading in the New York Stock Exchange was suspended because of the war emergency, episode 89, the Dow was at 71.

At that moment in 1914, the total amount of money invested in US common stocks was about $15 billion, about equal to the amount invested in British stocks, this despite the fact that the US economy was much larger than the British economy. So the numbers we've seen so far—the number of people investing in stocks, the prices, the movement of the market—none of this looks terribly alarming. Stock trading in New York represented only a small segment of the US economy.

After the war, the Dow hit a new record high of 120 in 1919, but if you have been listening to the podcast all along, you are now well-versed in the various setbacks the Western economy experienced during that time, including inflation, depression, labor unrest, and political violence. Someone set off a bomb on Wall Street at lunchtime in 1920 that killed 40 people and wounded hundreds. The bomb was believed to have been set by anarchists, but the perpetrators were never identified.

The Dow bottomed out at 64 in the late summer of 1921 which, adjusting for inflation, was considerably lower than its prewar numbers. A sad state of affairs for investors to be sure, but don't feel too sorry for them, because better times are just around the corner. They don't call them the Roaring Twenties for nothing.

Thanks to the careful monetary management of New York Fed governor Benjamin Strong, interest rates were low and inflation negligible. The postwar American economy was already poised for expansion, even before it got some extra help. Mechanization was boosting factory and farm output, powered by internal combustion, a power source more efficient than the old steam engines. Pent-up consumer demand, held in check by war and depression, was now unleashed, and modern technology made new gadgets like radio receivers, and older luxuries like automobiles, available to every middle-class home.

Increasing mechanization meant increased productivity, but wages lagged during the Twenties, so rising consumer demand mostly translated into higher corporate profits and rising stock prices. The Dow closed out the year 1923 at 96. By the end of 1925, it was at 157. By the end of 1927, it was at 202. That's an average gain of 19% per year over four years.

Returns like that can make people sit up and take notice. And the sight of friends, relatives, neighbors, and co-workers getting steadily richer without doing any actual work while your own savings account at your local bank is earning a paltry 3% can be a great motivator.

The Roaring Twenties was a time notorious for its fads. The maturing motion picture industry provided increasingly sophisticated entertainments, which could now be enjoyed in air-conditioned theaters, which in turn led to the rise of movie stars, movie magazines, and movie "fans." Men wore wristwatches, straw hats, fur coats, and argyle socks, while women wore bobbed hair beneath bell hats and short skirts, a look that earned the nickname "flapper." The Miss America pageant debuted in 1921. Fashion and beauty aids were no longer the exclusive domain of the pampered rich. In the Roaring Twenties, even housewives and working women wore lipstick and followed the latest fashions.

Jazz music took off, the Charleston was all the rage, and young people tested their endurance in dance marathons and sometimes on the tops of flagpoles. Flagpole sitting, in which people climbed to the tops of flagpoles to see how long they could stay up there, may be the signature fad of the Roaring Twenties, although I would nominate Mahjong, a Chinese game played with small tiles. New York retailer Abercrombie and Fitch began selling Mahjong sets imported from China in 1920 and they quickly became a sensation. The store sold over 10,000 of them and had to send buyers to China to comb every Chinese marketplace for more. Soon it seemed like everyone was playing the simplified American variant of the game. It became particularly popular among Jewish Americans in and around New York City for some reason, although the fad was by no means exclusive to them.

In this context, when it seemed every day the newspaper brought word of some crazy new fad, it scarcely surprised anyone when playing the stock market became a fad. Large numbers of new investors were entering the market. The New York Stock Exchange was regularly setting records, not only for stock prices, but for trading volume.

The stock market wasn't the only investment craze. There was also real estate in Florida. The end of the war saw a development boom in Florida, a state which previously was notable principally for its agricultural products, for being on the wrong side of the Civil War, and for committing the most lynchings per capita of any state in the country. Florida real estate was marketed to the rest of the country with slick brochures that touted the state as a tropical paradise. The humidity, the hurricanes, and the mosquitoes went unmentioned. Real estate prices soared, which led to people buying building lots in Florida sight unseen, at first with the thought that it was a down payment on a future retirement home, but soon purely as an investment. The unscrupulous sold lots on land that turned out to be swamp, if it existed at all.

One prominent figure who was worried by all this speculative investing was Adolph Miller, the only actual economist on the Federal Reserve Board. He was concerned about the stock market, and particularly concerned about the role of banks, because banks were loaning money to stock investors. These loans typically required the borrower to put up 20% of the stock purchase in their own money, which is called a 20% margin. In other words, with the stock market posting returns in the neighborhood of 20% per year, you could buy stock entirely with your own money and get a 20% return, which is pretty good, or you could buy stock using your own money as the margin and borrowing the rest from a bank, and at the end of the year enjoy a 100% return, which is spectacular. Guess what everybody wanted to do.

Often these loans weren't even made directly to the investor. They were in the form of lines of credit to stock brokers; the brokers could then use the funds to finance their own stock purchases or to loan to customers who wanted to buy on margin.

In 1923, US banks had about a billion dollars in brokers' loans outstanding. In 1924, that number was $2.2 billion. In November 1925, it was $3.5 billion. One Sunday afternoon in that month, November 1925, Adolph Miller was sitting in the second-floor study of his comfortable home on S Street in Washington, poring over reports from the staff of the Federal Reserve and reflecting on this troubling trend, when he heard the doorbell ring. His impatient visitor, a neighbor who lived two doors down, didn't wait for an answer. He barged into the house, ran up the stairs taking them two at a time, and burst into Miller's study to ask, "Are you as worried about this speculation as I am?"

This presumptuous neighbor was none other than Secretary of Commerce Herbert Hoover. As we've already seen, Hoover never felt constrained by the limited portfolio of Commerce Secretary; he got mixed up in all areas of domestic policy, which was why it was sometimes said of him that he was the Secretary of Commerce and the Undersecretary of Everything Else.

In the view of people like Miller and Hoover, the US economy had become one giant dance marathon, where the contestants were dancing ever more frantic Charlestons to music playing at an ever faster tempo. But every dance marathon comes to an end; usually this happens when everyone involved collapses in exhaustion.

In late 1925, when Miller and Hoover commiserated over excessive speculation, they pointed the finger at Benjamin Strong, head of the Federal Reserve Bank of New York. Strong believed in a policy of keeping interest rates low. Remember, this is 1925. The French had occupied the Ruhr Valley over German defaults on reparations payments, episode 215, practically restarting the Great War. The Dawes Plan had eased tensions, but the French had only completed their withdrawal from the Ruhr region in August 1925, just three months before Mr. Hoover dropped in on Mr. Miller. The British had just completed a tricky return to the gold standard at prewar value, episode 240. The soaring US stock market was already drawing investment capital away from Germany and Britain, countries that badly needed investment to rebuild from the war. A further rise in interest rates would only suck more capital out of Europe. It would also put pressure on British gold reserves as investors trade pounds for dollars to chase those higher interest rates. It had taken years of carefully crafted agreements to get Europe to where it was in 1925: the early stages of a promising, but still fragile, economic recovery. All it would take would be one rash interest rate increase by the US Federal Reserve to undo the progress and we could see armies mobilizing in Europe once again.

Hoover and Miller had once been persuaded by such arguments, but were no longer. Helping Europe rebuild was a noble endeavor, but not at the cost of crashing the domestic economy. Shouldn't the Fed's first priority be America?

But Strong had his way with the Fed board, which resisted an increase in interest rates. Their stubbornness seemed to be vindicated once the land boom in Florida went bust in 1926. This happened for a variety of factors. One major one was the Great Miami Hurricane of 1926, a category four storm that struck Miami on September 16. The storm devastated southern Florida, killing hundreds and doing property damage that, adjusted for inflation, makes it one of the costliest storms ever to strike the United States. A number of property developers in the region went bankrupt and newspapers carried news of the destruction along with dramatic photographs of pleasure boats washed onto the streets of Miami. Scenes like these soured the public taste for Florida real estate and the bubble popped as speculators suddenly discovered they couldn't find buyers at anything like the prices they had paid.

Just like that, Florida real estate became a synonym for "scam." In December 1925, even before the Great Miami Hurricane struck, the Marx Brothers were lampooning unscrupulous Florida real estate dealers in their hit Broadway show, *The Cocoanuts,* with songs by Irving Berlin and book by George S. Kaufman. It would be made into one of the earliest talking motion pictures in 1929. The Florida land boom and bust made a large enough cultural impact that when I was a kid, forty years later, people still joked about offering to sell you prime real estate in Florida the same way they might joke about offering to sell you the Brooklyn Bridge.

Still, the Florida real estate bubble popped in 1926 without doing any serious harm to the larger US economy. This seemed to vindicate the view of Benjamin Strong and others, including the

President, Calvin Coolidge, that the economy could take care of itself without any meddling from Washington.

Meanwhile, the stock market just kept right on producing record returns. The year 1926 saw a brief economic slowdown, resulting in a slide in stock prices, but afterward they resumed their advance. By the end of 1927, the Dow broke 200. But this is different from a real estate bubble, right? Land doesn't pay a dividend, but stocks do. One measure of stock prices is the price-to-earnings ratio, how much the stock costs as a multiple of its dividend. A high P/E ratio suggests the stock is overvalued. Even at these dizzying heights, the overall P/E ratio for US stocks was only about 11, which is a reasonable figure. Before the war, the P/E ratios were often in the 15 to 20 range, so 11 seems like a safe, respectable number.

Ever-rising corporate profits fully justify ever-rising stock prices, don't they? Take for example the automotive conglomerate General Motors, which had grown rapidly in the past few years. In 1927, GM surpassed US Steel to become the most profitable corporation in the world. Its stock price quadrupled in two years, but even so, its P/E ratio remained a comfortable 9. Similarly, the price for a share of stock in RCA, the other big Wall Street darling of the time, had skyrocketed, but RCA was riding the radio boom. What else would you expect?

We've entered a new era of prosperity. Maybe this time is different, and the only direction to go is up, up, up. Yeah, that's what they always say.

[music: Mack and Johnson, "The Charleston"]

I titled this episode "An Orgy of Speculation," because this peculiar figure of speech first became prominent in American English during the Roaring Twenties. No one knows who first coined it, but according to the Google Books Ngram Viewer, the phrase "orgy of speculation" began in obscurity, first appearing in 1916, but exhibited a sharp rise in use during the 1920s, peaking in the year 1927, which, hey, is where we are right now.

In the summer of that year, Benjamin Strong, he of the Federal Reserve Bank of New York, invited three prominent European central bankers, Montagu Norman of the Bank of England, Hjalmar Schacht, the man who had ended the German hyperinflation and was now head of the Reichsbank, and a representative from the Banque de France to discuss the economic situation in Europe. They met on the North Shore of Long Island, the playground of the New York elite, dotted with hundreds of huge estates and mansions, the finest homes in America for the wealthiest people in America. This was America's so-called "Gold Coast," immortalized as the playground of the idle rich in F. Scott Fitzgerald's novel *The Great Gatsby*, published just two years ago, in 1925. Their meeting place was a mansion loaned to them by the Undersecretary of the Treasury for the purpose. He was himself an heir to one of the great New York fortunes.

It was a fitting meeting-place for the bankers who collectively determined the course of the world's economy. But the mood was somber. Schacht was worried over how much American money Germany was borrowing. In principle, this money would rebuild the German economy and make it easier for the Germans to make future reparations payments. In practice, too much of the borrowed money was going into projects that would not increase the German GDP: consumption instead of investment. It was only a matter of time, he warned the others, before Germany began defaulting on reparations again. The Dawes Agreement would have to be renegotiated.

The other three bankers saw this as a side issue and warned Schacht that the US, UK, and France all had elections coming within the next year. No one wanted to be seen as soft on Germany during an election campaign, so any renegotiation would have to wait until 1929 at the earliest.

The big issue, as the French and British saw it, remained the imbalance in gold reserves between the US and Europe. Something needed to be done to facilitate a transfer of gold to Europe. Meanwhile, Montagu Norman noted that the Bank of England was struggling to increase its gold reserve. The inexorable logic of the gold standard is that since the price of gold by definition can't go up, then if you want to acquire more gold, the price of everything else must come down, a destructive deflation that was shrinking wages and reducing profits in Britain and hampering British efforts to increase exports. To the French, who had allowed their own currency to depreciate substantially before returning to the gold standard, the British had made their own bed when they decided to return to the prewar exchange rate, and now they would just have to lie in it.

It was easy for the French to be smug, Montagu Norman retorted, when France's own export economy was doing quite well, in the wake of the devaluation of the franc. So well, in fact, that it was putting pressure on British gold reserves. The British trade deficit with France had in effect created a flow of gold from the Bank of England to the Banque de France. Now the Bank of England might have to raise interest rates in order to stem that flow. But that would further slow economic growth in the UK.

As Norman saw it, the global demand for gold was choking the global economy, and there was only one solution. The United States had to lower its interest rates. This would spur investors to pursue the higher returns available in Europe, which would in turn help the Europeans with their gold reserve problem.

Benjamin Strong was convinced. A few days later, he pushed the Fed to cut interest rates from 4% to 3.5%, over strenuous objections from within the Fed and without. From within was Adolph Miller, vacationing in California at the time and caught off guard. From without was Secretary of Commerce Herbert Hoover, but he was in the Mississippi Valley overseeing flood relief.

Strong's critics accused him of putting Europe's welfare ahead of America's. Strong answered by accusing his critics of willful ignorance of the financial crisis looming in Europe. Whatever economic harm might come to America, surely it would be cheaper than another world war.

Many economists and historians of our time point to this moment, here, when the US Federal Reserve cut interest rates in the face of a booming stock market, as the cause of the coming stock market crash. That's probably overstating it. It was only a one-half percent cut in interest rates and it was reversed a few months later. Strong didn't cause the coming collapse, though he may have helped trigger it. It may have been the last straw, but the camel's back was already straining under a load too great to bear.

The Dow increased 20% between August, when the rate cut was announced, and the end of the year, and US banks now had $4.4 billion in brokers' loans outstanding, an increase of over a billion dollars in just one year. Herbert Hoover began pressing President Coolidge to rein in Benjamin Strong and tame the soaring stock market, but as we've seen, Calvin Coolidge, the President who raised inaction to an art form, refused. Let the bankers do what bankers do; it wasn't the place of politicians to overrule them.

Up until this moment, the summer of 1927, the rise in stock prices paralleled rising corporate profits. But afterward, after the Fed rate cut, this was no longer the case. Stock prices rose nearly 30% in the second half of 1927. There was no such similar rise in corporate profits.

The following year, the Fed implicitly acknowledged that the 1927 rate cut had been a mistake, raising the rate back to 4% and then to 5% by summer. But the stock market barely noticed. By the end of 1928, the Dow was at 300, a 50% increase in one year. Also by the end of 1928, Benjamin Strong was dead. He had been ill with tuberculosis for many years. His doctor cautioned him that the stress of his position at the Federal Reserve was impairing his health. He developed shingles, then diverticulitis, and then died from complications after surgery to deal with the latter in October 1928. He was 55 years old.

By that time, the US stock market was showing all the classic signs of a bubble. Prices had become completely detached from earnings and millions of new small investors were flooding into the market, including, for the first time, large numbers of women investors entering this traditionally male and, it must be said, highly misogynistic, field. Stock brokerages, once found only in big Eastern cities, were popping up in medium-sized communities across the country, the numbers more than doubling in just four years. The latest prices of those darlings of the stock market, GM and RCA, were a topic of conversation everywhere in the country.

As you know from last week's episode, the President-elect, Herbert Hoover, was concerned about stock prices, but his predecessor, Calvin Coolidge, would not budge on the matter through the day he left office. In his early Cabinet meetings, President Hoover raised the subject, only to be told by his Secretary of the Treasury, Andrew Mellon, that everything possible had been done.

I'm a big fan of the BBC television program *Yes, Prime Minister,* and if you're like me, you will recognize the Cabinet official's standard four-stage crisis response as articulated on that program by Sir Humphrey Appleby and one of his colleagues: Stage one, you tell them nothing is going to happen. Stage two, you say something might happen, but we shouldn't do anything about it.

Stage three, perhaps we should do something about it, but there's nothing we *can* do. Stage four, perhaps we should have done something, but it's too late now.

There were economists and journalists warning that stocks were overpriced and a fall in the market was inevitable. But for every one of them, there were two others who insisted stock prices were not yet anywhere near the peak, that the world had changed, new technologies had rewritten the rules, and you should throw out the history book.

A word to the wise: whenever someone tells you to throw out the history book, that usually means that's exactly the time to pick up the history book and study it carefully. Another warning sign: when the people predicting a downturn are themselves denounced as malicious saboteurs intent on triggering the very collapse they keep insisting is inevitable. There was a fair amount of that in 1929, also.

The stock bubble was not only a concern for Americans. Wall Street was sucking up European investment capital, endangering the shaky economies of Germany, Austria, Hungary, and Poland in particular, but the UK was not far behind. The Bank of England's slender gold reserve stubbornly refused to grow larger. Its governor, Montagu Norman, surprised everyone at the Federal Reserve by now calling for a sharp increase in US interest rates, at least one percent, and possibly two percent, with the goal of puncturing that worrisome bubble.

As you know from last week, the Fed would not go that far. The bankers and the Hoover Administration officials were divided, and the best they could come up with was to jawbone banks to stop writing brokers' loans. Benjamin Strong's Federal Reserve Bank of New York was not satisfied. They saw no way the Fed could control how banks choose to lend money once they get hold of it. New York voted over and over again to raise interest rates one percent. Every time, the Board of Governors in Washington vetoed the increase.

By April 1929, outstanding brokers' loans amounted to almost $7 billion and rates on those loans were reaching 20%. Yeah, try telling a banker to stop writing loans with that kind of return. With borrowers willing to take out these loans at those rates, an increase of a percent or two in the Fed rate would not have had much effect, even if it had been tried.

In fact, nervous US banks did ease up on their brokers' loans, but their departure from the market was more than made up by foreign money from British investors and European banks, even Chinese money was flooding into Wall Street, drawn by those insane returns. You could buy US stocks from brokerages in London, Paris, Amsterdam, Brussels, or Berlin. Secretary of the Treasury Andrew Mellon went so far as to publicly suggest that now was an excellent time to buy bonds, which by Andrew Mellon standards was a cry of desperation, but it had no effect on the market.

The Dow rose 50 points over the summer months of 1929. There was at this time a forty-year-old banker and investor named Joseph Kennedy, an Irish-American from Boston with a degree in economics from Harvard College. Kennedy was a self-made millionaire, who had begun in the banking business and branched out into investing. He was heavily involved in the lucrative motion picture industry of the time; in 1928 he had engineered the merger that created RKO Pictures, one of the biggest movie studios of the day. By the way, his political enemies would later accuse Kennedy of having made his money from bootlegging during Prohibition, but this was no more than a slander.

Anyway, as Kennedy later told the story, in July 1929 he stopped to get his shoes shined, and the shoe shiner gave him a stock tip. He realized at that moment that if the fellows shining shoes were handing out stock tips, that was a sure sign it was time to get out of the market. He did, a shrewd decision that would make his large fortune even larger.

Kennedy was not alone. Owen Young, former RCA chairman, now leading the American delegation at the reparations talks in Paris, had sold off his own stock portfolio back in February. David Sarnoff of RCA and NBC and also a member of that US delegation in Paris, liquidated his holdings in June.

In August, the Fed finally did raise interest rates another percentage point. The next day, the Dow dropped by 15, its largest one-day decline ever, but it soon bounced back. One percent wasn't going to make a difference.

That same summer, despite its best efforts, the Bank of England lost 20% of its gold reserves, to reach a postwar low. The Banque de France now held twice as much gold as its English counterpart and a considerable quantity of British pounds besides. The disparity was big enough that in the latest round of negotiations over the seemingly intractable problem of German reparations, when the British challenged the French to go easier on the Germans, the French threatened to convert their bank's sterling into gold unless the British yielded.

Britain would either have to get used to being led around by the French, or else abandon the gold standard, a move which began to look far more likely after the 1929 general election, in which a minority Labour government took power. Winston Churchill, chancellor of the exchequer and architect of Britain's return to the gold standard, was now out of government.

On September 3, 1929, the first trading day of the month, the Dow closed up one point at 381, a record high. That same day saw the appearance of the first issue of a new weekly magazine, styled *BusinessWeek.* It was meant to provide corporate managers with the same kind of quick, colorful news and analysis of the world of business that *Time* magazine, founded in 1923, provided to the general reader. In its very first issue, *BusinessWeek* declared, "American business has been in the grips of an apocalyptic, holy-rolling exaltation over the unparalleled prosperity of the 'new era' upon which we, or it, or somebody had entered…As the fall begins, there is a tenseness in Wall Street…a general feeling that something is going to happen during the present season…"

But that is a story for another episode. We'll have to stop there for today. I thank you for listening, and I'd especially like to thank Judith for her kind donation, and thank you to Per for becoming a patron of the podcast. Donors and patrons like Judith and Per 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.

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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 continue the story into the pivotal month of October 1929, try to suss out what happened, and examine the consequences. The Great Crash, part one, in two weeks' time, here, on *The History of the Twentieth Century.*

Oh, and one more thing. Those of you who have read ahead in the history of the twentieth century know who will be the next US President, and what an economic activist he will become. Herbert Hoover, by contrast, has the not-undeserved reputation as the President who refused to act. But as we've seen last week and today, Herbert Hoover was an absolute dynamo compared to Calvin Coolidge. Just as Coolidge became disenchanted with his Vice President, Charles Dawes, he became increasingly unhappy with his Commerce Secretary, and Hoover's habit of getting involved in absolutely everything and anything in the Federal government, including making direct appeals to him, Coolidge, when he couldn't get other Federal officials to do things his way.

By the end of his Presidency, Calvin Coolidge had grown plenty weary of Hoover's repeated badgering that this or that problem needed to be addressed immediately, and that only he, Herbert Hoover, knew the solution. Coolidge would later summarize their relationship by saying, "That man has offered me unsolicited advice for six years, all of it bad." But then, Coolidge seems to have had trouble getting along with anyone.

[music: Closing Theme]