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The Washington Conference of 1921–1922: A New Look

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SCHOLARS SEEKING TO explain America's role in the Washington Conference on the Limitation of Armaments have in the past stressed the interplay of three factors—the tensions created by the naval rivalry among England, Japan, and the United States; the Japanese threat to the Open Door in China; and domestic political pressures. Ignoring the full implications of Charles Beard's dictum that foreign policy represents the outward thrust of domestic economic forces, most historians have failed to understand the relationship between the depression of 1920–1921, the Warren Harding administration's most immediate and pressing domestic problem, and the Washington Conference, its foremost venture in international diplomacy.[1] Yet such a link did exist. Secretary of Commerce

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[1]The standard works on United States policy and the conference are A. Whitney Griswold, *The Far Eastern Policy of the United States* (New Haven, Conn., 1938), 269–304; J. Chalmers Vinson, *Parchment Peace: The United States and the Calling of the Washington Conference, 1921–1922* (Athens, Ga., 1955); and Thomas H. Buckley, *The United States and the Washington Conference, 1921–1922* (Knoxville, Tenn., 1970). Other studies of particular value are Merlo J. Pusey, *Charles Evans Hughes* (2 vols., New York, 1951), I, 453–454; Akira Iriye, *After Imperialism: The Search for Order in the Far East, 1921–1931* (New York, 1965), 1–22; Robert J. Maddox, *William E. Borah and American Foreign Policy* (Baton Rouge, La., 1969), 86–89; Robert K. Murray, *The Harding Era* (Minneapolis, Minn., 1969), 140–149; Claudius O. Johnson, *Borah of Idaho* (New York,

Herbert C. Hoover and other top officials in the administration of President Warren G. Harding were convinced that international disarmament would promote financial stabilization and economic recovery in Europe, which, in turn, would help restore prosperity to the United States. Consequently they believed that the Washington Conference, in addition to its other results, would help solve the problem of European economic reconstruction and thereby stimulate overseas demand for surplus American products.

A wrenching, though mercifully brief, postwar economic readjustment began in June 1920. At the same time, conditions of chronic economic distress arose which were to pervade most sectors of American agriculture for two decades and help bring on the Great Depression. In the eleven months after June 1920, the average prices of the country's ten leading farm crops declined about sixty-seven percent. Cotton, the hardest hit, averaged 10.3 cents a pound on the New Orleans exchange

1936), 265–267; Harold and Margaret Sprout, *Toward a New Order of Sea Power: American Naval Power and the World Scene, 1918–1922* (2nd ed., Princeton, N.J., 1946), 122–148; William R. Braisted, *The United States Navy in the Pacific, 1909–1922* (Austin, Tex., 1971), 491–504; and Betty Glad, *Charles Evans Hughes and the Illusion of Innocence: A Study in American Diplomacy* (Champaign, Ill., 1960), 269–280. Two useful contemporary accounts are Raymond Leslie Buell, *The Washington Conference* (New York, 1922); and Mark Sullivan, *The Great Adventure at Washington: The Story of the Conference* (Garden City, N.Y., 1922). Either because they take account of domestic economic considerations or because they view the conference in a larger setting which includes American policy toward Europe, the following studies stand apart from those enumerated above: Charles Leonard Hoag's *Preface to Preparedness: The Washington Conference and Public Opinion* (Washington, D.C., 1941); Frank Simond's contemporary commentary in the *American Review of Reviews,* LXIV (Dec. 1921), 599–605; LXV (Jan. 1922), 33–41; LXV (Feb. 1922), 147–154; LXV (March, 1922), 261–271; Melvyn P. Leffler, "Herbert Hoover, the 'New Era,' and American Foreign Policy, 1921–1929" (Paper presented at the Second Hoover Centennial Seminar, West Branch, Iowa, April, 1974), 11–16; Melvyn P, Leffler, "Political Isolationism, Economic Expansionism, or Diplomatic Realism: American Policy toward Western Europe, 1921–1933," *Perspectives in American History,* VII (1974), 432–436; Nelson E. Woodard, "Postwar Reconstruction and International Order: A Study of the Diplomacy of Charles Evans Hughes, 1921–1925" (Ph.D. dissertation, University of Wisconsin, 1970), 120–121, 131–141; Joan Hoff Wilson, *American Business and Foreign Policy, 1920–1933* (Lexington, Ky., 1971), 31–41; Joan Hoff Wilson, *Herbert Hoover: Forgotten Progressive* (Boston, Mass., 1975), 189–191. There is a sizeable literature dealing with the background to Britain's decision to participate in the Washington Conference. Two comparatively recent analyses of British policy which also provide a good introduction to this literature are Stephen Roskill, *Naval Policy between the Wars: The Period of Anglo-American Antagonism, 1919–1929* (New York, 1969), 300–330; and Ira Klein, "Whitehall, Washington, and the Anglo-Japanese Alliance, 1919–1921," *Pacific Historical Review,* XLI (1972), 460–483.

in June 1921, a drop of almost seventy-five percent from the 40-cent a pound price of the previous summer. The economic downturn had become general by May 1921. Construction lagged, the iron and steel industry was reported to be operating at forty percent capacity, and banks retrenched drastically as they struggled to remain solvent. In the process, thousands of workers found themselves out of work; one estimate places unemployment during 1921 at over five million, or almost twelve percent of the civilian labor force. These conditions improved for many in 1922 as businessmen and bankers, confident that price levels had returned to normal, began to make new outlays for plant equipment and inventories.[2]

While most sectors of the economy began to experience prosperity, agriculture remained depressed. The index of farm income did start to rise in 1922, but the ratio of farm to nonfarm income continued sharply below the average of the war boom years. In addition, many farmers labored under onerous mortgages contracted when prices were high.[3] As the difficulties besetting rural America mounted after 1920 and continued throughout the decade, an increasingly large number of farmers and metropolitan observers intensified their efforts to analyze these problems. Many of these analysts agreed that agriculture was not sharing equitably in the nation's prosperity. But they differed in their estimate of the extent to which Europe could provide a market for American cotton, wheat, and meat.

Starting with the widely known needs of Europeans for food and raw materials, one group, which included some of the most prominent spokesmen for agricultural interests, took the optimistic position that these requirements could be rapidly translated into effective demand for American surplus

[2]Murray Benedict, *Farm Policies of the United States, 1790–1950: Their Origin and Development* (New York, 1953), 169–172; James H. Shideler, *Farm Crisis, 1919–1923* (Berkeley, 1957), 46–52; Alexander D. Noyes, *The War Period of American Finance, 1908–1925* (New York, 1926), 328–416; A. Barton Hepburn, *A History of Currency in the United States* (Rev. ed., New York, 1967), 489–499; U.S. Dept. of Commerce, *Historical Statistics of the United States; Colonial Times to 1957* (Washington, D.C., 1960), 173; U.S. Dept. of Commerce, *Historical Statistics of the United States: Continuation and Revision* (Washington, D.C., 1965), 136; George Soule, *Prosperity Decade: From War to Depression, 1919–1929* (New York, 1947), 96.

[3]H. Thomas Johnson, "Postwar Optimism and the Rural Financial Crisis of the 1920s," *Explorations in Economic History,* XI (1973–1974), 173–179.

products. Extrapolating from the experience of 1917—1919 when huge American credits had been mobilized to move American commodities to Europe, these analysts invariably called for new credit machinery that would enable Europeans to purchase American goods. Their argument either explicitly or implicity assumed that the creation of such machinery would quickly lead to greater sales, higher prices, and enhanced prosperity in the United States. Although most of the observers who subscribed to this optimistic view believed that the United States government had to play a part in providing the necessary credits, some went so far as to say that agricultural exports should be financed entirely with taxpayers' money. The remainder believed that a more indirect government role linked to some sort of large-scale private organization would suffice.[4]

In contrast to this generally optimistic analysis, economists and such men as grain dealer Julius H. Barnes, who studied the problem of European-American economic relations, concluded that changes in the structure of the international economy precluded any rapid or dramatic expansion of American sales to Europe regardless of what sort of credit machinery was developed. This more cautious and pessimistic group emphasized three factors—efforts by European countries to achieve self-sufficiency in food, the increased availability of cheaper sources of supply for many commodities, and the impact of America's newly achieved position as the major creditor of Europe. These analysts reasoned that European nations would seek to hold to a minimum any additional indebtedness to the United States and attempt, as far as possible, to purchase needed foodstuffs and raw materials from countries where they enjoyed a favorable balance of trade. Such considerations led them to doubt that the creation of more elaborate credit machinery could significantly raise

[4]Optimistic assumptions are reflected in statements by the American Farm Bureau Federation, *Commercial and Financial Chronicle,* Nov. 6, 1920, p. 1807; Dec. 4, 1920, pp. 2178–2179 (cited hereafter as *Chronicle*); Senator Hoke Smith of Georgia in the *Cong. Rec.,* 66 Cong., 3 sess. (Dec. 10, 1920), 161–165; George Norris to J. T. James, Nov. 14, 1921, tray 5, box 1, George W. Norris Papers, Library of Congress; and Charles McCarthy to Louis B. Wehle, Nov. 5 and Dec. 9, 1920, Louis B. Wehle Papers, Franklin D. Roosevelt Library, Hyde Park, N.Y.

agricultural prices in Europe.[5] As one pessimist put it in 1921, "the fundamental difficulty is [that] with the fall in prices prospective purchasers are not seeking credits." "Prospective sellers," he continued, "want to sell their commodities at higher prices than are obtainable" and "they are demanding that someone give credits to purchasers who at the moment are not in sight."[6]

The pessimists believed that given time some improvement in this situation could be achieved, but it would not happen immediately nor would it be effected by any comprehensive scheme for mobilizing American credits. Rather, it would occur as a result of a gradual rise in European productivity, which in turn depended upon the adoption of far reaching measures of financial stabilization in Europe. Furthermore, even if these developments did occur, the pessimists believed that in the long run Europe would gradually become less important as a market for American agricultural commodities. Save for the war years, farm exports to Europe had in fact been declining since the turn of the century, and the pessimists argued that, except for cotton, this trend would continue.

The main outlines of these two contrasting positions emerged during the winter of 1919–1920 as bankers, public officials, and a variety of farm spokesmen debated appropriate measures for reversing the economic downturn. A proposal to revive the government-owned War Finance Corporation as a vehicle for furnishing export loans stood at the center of the controversy. In supporting the WFC revival, governors, congressmen, and bankers from the cotton states, together with spokesmen for the American Farm Bureau Federation, the American Mining Congress, and the American Cotton Association, took the optimistic position that a timely dose of export credits would unlock pent-up European demand for American

[5]The pessimistic position is exhaustively developed in Edward G. Nourse, *American Agriculture and the European Market* (New York, 1924). In addition to the material cited in notes 8 and 9 below, see also Julius H. Barnes, "The Probable Future Development of the Grain Trade of the United States," *Annals of the American Academy of Political and Social Science,* XCIV (March 1921); and L. C. Gray, "A Domestic Market for American Farm Products," *ibid.,* CXVII (Jan. 1925), 156–165. At the time Gray was in charge of the Land Economics Division of the U.S. Department of Agriculture.

[6]Unsigned memorandum, "Dictated for John C. McHugh," June 1921, file: Foreign Trade Financing Corporation, Dwight W. Morrow Papers, Amherst College.

commodities and rapidly restore prosperity to the United States.[7] In opposing WFC revival, present and former Treasury officials of the Woodrow Wilson administration stressed its inflationary character. They were joined by a small but influential group of Wall Street bankers, who insisted that no substantial improvement in the export trade with Europe could be expected until the nations of Europe took vigorous measures to put their fiscal houses in order. Governments must reduce spending; cease the inflationary printing of paper money; balance their budgets, increasing taxes if necessary; and act to bring imports in line with exports. In short, financial stabilization must be effected before Europe could absorb American surpluses.[8]

International disarmament emerged during this debate as a key objective of those who opposed the reestablishment of the War Finance Corporation. The Treasury and its allies in the banking community repeatedly stressed the importance of international disarmament as a precondition for full economic recovery. Wall Street attorney and former Treasury official Russell C. Leffingwell warned in January 1921 that "our own prosperity depends on rehabilitating Europe our customer," and he argued that disarmament would help Europe regain its

[7]House Committee on Banking and Currency, *Hearings on S. J. Res. 212 Directing the War Finance Corporation to take Certain Actions . . .* , 66 Cong., 3 sess. (1920), 15, 50–59, 82–83; Senate Committee on Agriculture and Forestry and House Committee on Agriculture and Forestry, *Joint Hearings on S. J. Res. 212 Reviving the Activities of the WFC,* 66 Cong., 3 sess. (1921), 24, 55; *New York Times,* Oct. 15, 1920, pp. 1, 3; *Chronicle,* Oct. 16, 1920, pp. 1521–1523; Nov. 6, 1920, pp. 1806–1807; Dec. 11, 1920, pp. 2280–2281; *Cong. Rec.,* 66 Cong., 3 sess. (Dec. 13, 1920), 271–272. This episode is treated in a number of places. See, for example, Arthur Link, "The Federal Reserve Policy and the Agricultural Depression of 1920–1921," *Agricultural History,* XX (1946), 165–175; and Benedict, *Farm Policies,* 178–187.

[8]Senate Committee on Agriculture and Forestry and House Committee on Agriculture and Forestry, *Joint Hearings on S. J. Res. 212,* 66 Cong., 3 sess. (1920), 35–51; House Committee on Banking and Currency, *Hearings on S. J. Res. 212,* 66 Cong., 3 sess. (1920), 16–19; Russell C. Leffingwell to Secretary of the Treasury Daivd B. Houston, Dec. 15, 16, and 20, 1920, and memorandum by Assistant Secretary of the Treasury Gilbert, Dec. 31, 1920, file: WFC, box 236, Treasury Department, Secretary's Correspondence, Record Group 56, National Archives (hereafter cited as RG 56); *Chronicle,* Jan. 8, 1921, pp. 105–107; Thomas W. Lamont to Paul Warburg, Dec. 20, 1920, Lamont to Woodrow Wilson, Dec. 31, 1920, and Wilson to Lamont, Jan. 5, 1921, file 143–1, Thomas W. Lamont Papers, Baker Library, Harvard Graduate School of Business Administration. In adopting this position, the Treasury was adhering to a policy established in the summer of 1919 and approved by President Wilson. On this point, see Paul P. Abrahams "American Bankers and the Economic Tactics of Peace: 1919," *Journal of American History,* LVI (1969), 572–583.

economic health. "We should not only set an example by disarming ourselves," Leffingwell asserted, "but we should insist on seeing that example followed by refusing credits to those countries which persist in undermining their financial strength by wasteful expenditures on arms and armies."[9] Similar reasoning led Assistant Secretary of the Treasury S. Parker Gilbert to forcefully urge disarmament.[10] Likewise two leading New York bankers, Thomas W. Lamont and Paul M. Warburg, in a lengthy report opposing revival of the WFC, cited a reduction in arms spending as an important component of the financial stabilization which they believed to be essential for European recovery.[11]

These influential and sophisticated proponents of disarmament did not base their arguments on a simple guns-versus-butter formula. Although they realized that a limited amount of funds saved by reducing military budgets would go directly for the purchase of agricultural commodities, they believed that the really important effect of arms limitation would be its salutary impact on European finances. They concluded that reduced military spending would permit balanced budgets and currency stabilization and thereby ease a chief and immediate constraint on international commerce. In the longer run, they believed that stabilization, together with the climate of peace which they hoped would accompany disarmament, would make Europe more attractive for American investors. The influx of capital would make dollars immediately available for the purchase of American commodities. Much more important, these investments, assuming they went into productive enterprises, would foster a gradual rise in European productivity and, along with it, the ability of Europe to sustain increased purchases of American goods.

It was within the context of this ongoing debate on ways to

[9] Leffingwell speech to the Bond Club of New York, Jan. 28, 1921, *Chronicle*, Feb. 5, 1921, p. 6.

[10] *New York Times*, Feb. 18, 1921, p. 6.

[11] "Report on the Revival of the War Finance Corporation by the Committee on Finance and Currency of the Chamber of Commerce of the State of New York," Dec. 30, 1920. The report, which was largely the work of Lamont and Warburg, appeared in the *Chronicle*, Jan. 8, 1921, p. 106. For another expression of Warburg's views at this time, see Paul Warburg, "Europe at the Crossroads," *Political Science Quarterly*, XXXV (1920), 601–620.

promote recovery that the newly installed Harding administration turned to the problems of those who produced the major agricultural commodities—cotton, wheat, and livestock. Herbert Hoover wrote, shortly after entering the Cabinet, that "we are going to have to do something for this American farmer and do it as quickly as possible."[12] The new Secretary of Commerce soon completed a review of the agricultural situation from the standpoint of both domestic and foreign demand. Along with other high administration officials, he undertook a series of meetings with bankers, cotton brokers, and representatives of the American Farm Bureau Federation to discuss ways to remedy the ills that plagued the farmers.[13]

Administration concern for agriculture was dictated, in part, by Harding's desire to redeem his campaign pledges to the American farmer. But even more important, the administration accepted responsibility for promoting recovery and regarded the solution to the problem of agricultural surpluses as

[12]Herbert Hoover to Don Livingston, March 19, 1921, file: Don Livingston, box 52, Secretary of Commerce: Personal, Herbert Hoover Papers, Hoover Presidential Library, West Branch, Iowa. For general background on the agricultural policies of the Harding administration, see Shideler, *Farm Crisis, passim*; James H. Shideler, "Herbert Hoover and the Federal Farm Board Project," *Mississippi Valley Historical Review*, XLII (1956), 710–729; Murray, *Harding Era*, 199–226; Donald L. Winters, *Henry Cantwell Wallace as Secretary of Agriculture, 1921–1924* (Chicago, Ill., 1970), 1–100; and Edward L. and Frederick H. Schapsmeier, *Henry A. Wallace of Iowa: The Agrarian Years, 1919–1940* (Ames, Ia., 1969), 55–80. The analysis of Harding administration agricultural policy presented herewith was developed independently of two important studies exploring this question: Gary Koerselman, "Herbert Hoover and the Farm Crisis of the Twenties" (Ph.D. dissertation, Northern Illinois University, 1971); and Ellis Hawley, "Herbert Hoover and Economic Stabilization, 1921–1922" (Paper presented at the Second Hoover Centennial Seminar, West Branch Iowa, April 1974).

[13]Transcript of remarks made at meeting held in Washington, D.C., on April 4, 1921, in the office of Eugene Meyer, Jr., file: Exports-General, box 253/1/1, Records of the War Finance Corporation, Record Group 154, National Archives (hereafter cited as RG 154). Top officials in attendance included, beside Meyer and several other WFC directors, Secretaries Andrew Mellon and Hoover, and the chairman of the Federal Reserve Board, W. P. G. Harding. See also transcript of the conference of the Committee of Bankers and Cotton Exporters in New York, May 9, 1921, in the same box (253/1/1). For other evidence on the administration's initial efforts to deal with the economic crisis, see Hoover press release, March 11, 1921, file 80619, Department of Commerce, Secretary's Correspondence, Record Group 40, National Archives (hereafter cited as RG 40); Paul M. Warburg to Hoover, May 26 and June 21, 1921, file: Warburg, Secretary of Commerce Official, Hoover Papers; A. H. Kains to Charles Evans Hughes, April 16, 1921, file 800.51/2946, Records of the U.S. Dept. of State, Record Group 59, National Archives (hereafter cited as RG 59); *Federal Reserve Bulletin*, VII (1921), 378–380; *Chronicle*, April 2, 1921, p. 1346; April 9, 1921, p. 1466; April 16, 1921, p. 1578; April 23, 1921, p. 1662; *New York Times*, April 16, 1921, pp. 1, 3.

the key to a general improvement in the country's economic condition. They searched doggedly for better ways to finance the marketing of surpluses, especially the great cotton crop of the South.[14] In April 1921, Eugene Meyer, Jr., managing director of the WFC, told a meeting of cotton brokers, southern bankers, and public officials that the return of prosperity to the cotton south was vital to the recovery of the nation as a whole. "The record of congested conditions such as exist in the South, we experienced in 1914," he explained, "and it proved that the market for Northern, Eastern and Western goods in the South is fundamental." "We know that so important a part of the country as the South," he continued, "with thirteen states and approximately forty million population cannot be handicapped as the South now is in this situation without fundamentally affecting the whole economic condition of the United States."[15]

President Harding made the same point in a letter to Secretary Hoover. "It is obvious," he wrote, "that the problem of providing financial facilities through which to promote foreign trade, and also to extend much needed encouragement and assistance to American agriculture and other production is of the greatest concern to the country and will continue to be for a long time to come." After reviewing a number of export credit schemes, Harding concluded by emphasizing "the urgency of early and effective accomplishments that will, to the greatest possible extent, enable the resumption of trade, both domestic and foreign, and the marketing of those surpluses which the country now has on its hands."[16]

Harding, Hoover, and Meyer initially took a relatively optimistic view of the ability of the European market to absorb American surpluses. Accordingly, in the spring and summer when the problem of surplus crops was at the center of

[14]In addition to evidence cited elsewhere in this article, see Gilbert M. Hitchcock to Harding, June 30, 1921, and Harding to Hitchcock, July 6, 1921, together with the correspondence relating to the Conference of Western Bankers held on June 23, 1921, all in box 88, Warren G. Harding Papers, Ohio Historical Society, Columbus, Ohio; *New York Times,* May 24, 1921, pp. 1–2; *Chronicle,* May 14, 1921, pp. 2032–2033; July 16, 1921, pp. 251–252; July 9, 1921, p. 136.

[15]Transcript of remarks made at a meeting held in Washington, D.C., April 4, 1921, in the office of Eugene Meyer, Jr., file: Exports-General, box 253/1/1, RG 154.

[16]Harding to Hoover, May 17, 1921, folder 3–1, box 5, Harding Papers.

administration thinking about agricultural recovery, the question of export credits received particular attention. Nevertheless, pessimistic assumptions about the European market soon began to prevail and administration thinking on the question of export credits shifted. This change became apparent by July 1921 with the administration's reaction to the Norris Export Corporation Bill.[17] The reasons for the shift can be traced in the gradual transformation of the ideas of Secretary Hoover, a central figure in shaping administration economic policy and in coordinating its attack on the depression.

Before he took control of the Commerce Department, Hoover had developed his views on American policy toward European recovery in numerous speeches, interviews, and memoranda over about two and a half years. A Wilsonian in his outlook on the world, Hoover shared with his former chief the latter's appreciation of the link between international political stability (which Wilson had hoped the League of Nations would supply) and the worldwide expansion of American capitalism. Within this context Hoover, like Wilson, believed that the United States should encourage the political and economic restoration of Europe along liberal capitalist lines.[18] Although tough and emphatic in his insistence on European self-help, including disarmament, Hoover initially believed that a big part of the answer to the depression of 1920–1921 lay in long-term loans which would furnish Europe with dollars to purchase American goods, particularly farm produce. Speaking in December 1920 at the Chicago meeting which launched the abortive Foreign Trade Financing Corporation, Hoover had said that a stagnation of orders for American exports was to

[17]Senate Committee on Agriculture and Forestry, *Hearings on Farmers Export Financing Corporation, S. 1915,* 66 Cong., 1 sess. (1921), 67–85, 123. For general background, see, in addition to works cited in footnote 12, Joseph Dorfman, *The Economic Mind in American Civilization* (5 vols., New York, 1946–1959), IV, 38–40; Richard Lowitt, *George W. Norris: The Persistence of a Progressive* (Urbana, Ill., 1971), 164–180; Norman L. Zucker, "George W. Norris: Progressive from the Plains," *Nebraska History,* XLV (1964), 147–164.

[18]Martin J. Sklar, "Woodrow Wilson and the Political Economy of Modern United States Liberalism," *Studies on the Left,* I (1960), 17–47; William A. Williams, *The Tragedy of American Diplomacy* (2nd ed., New York, 1962), 53–102; N. Gordin Levin, *Woodrow Wilson and World Politics: America's Response to War and Revolution* (New York, 1968); Robert H. Van Meter, Jr., "Herbert Hoover and the Economic Reconstruction of Europe, 1918–1921" (Paper presented at the First Hoover Centennial Seminar, West Branch, Iowa, February 1974).

blame for the high unemployment and the losses suffered by farmers. Only an infusion of American credit to potential foreign buyers, he argued, could break the vicious cycle and restore American prosperity.[19] He repeated his prescription in January 1921, asserting that there existed "only one remedy" for this situation, "the permanent investment of our surplus productive balances abroad." He again endorsed the $100 million Foreign Trade Financing Corporation, chartered under the Edge Law, as an instrument for effecting such investment.[20]

In the days immediately following his installation as Secretary of Commerce, Hoover continued to adhere to this analysis of America's economic ills. He recommended that the organization of Edge Law corporations be pushed forward to facilitate the marketing of agricultural goods and he urged Wall Street to get behind such schemes for financing European customers. Hoover also actively supported the efforts of the administration to use the revived WFC as a vehicle for mobilizing the resources of exporters and bankers behind a drive to expand exports of raw cotton.[21]

By the third week of April, however, Hoover began to change his mind on the proper approach to America's economic crisis. A letter to Senator Arthur Capper of Kansas, the influential agricultural publisher and farm spokesman, revealed the alteration in his thinking. Reviewing the reasons for the crisis in American agriculture, Hoover observed that Europe, America's largest foreign market, had temporarily chosen to subsist at a sustantially reduced standard of living. Food consumption in some countries, for example, stood at between ten and thirty percent below prewar levels. The industrial recovery necessary to raise Europe's real income, and with that its demand for American commodities, required American credits. But, he continued, "the lack of confidence in the fiscal stability of many European states, the vast increase of armament over pre-war periods, the unsettlement of the

[19] *New York Times,* Dec. 11, 1920, p. 3; Herbert Hoover, *The Memoirs of Herbert Hoover* (3 vols., New York, 1951–1952), II, 13–14.

[20] *Chronicle,* Jan. 29, 1921, pp. 421–422.

[21] *Federal Reserve Bulletin,* VII (1921), 378–380; *Chronicle,* March 26, 1921, p. 1202; April 2, 1921, p. 1346; Hoover press release, March 11, 1921, file 80619, RG 40.

German indemnity, and failure to obtain peace" must necessarily delay the mobilization of such credits. Clearly Hoover's position had, by this point, come to reflect many of the basic assumptions of the pessimists.[22]

In addition to his revised assessment of the European economy, two other considerations led Hoover to alter his views. First, as his letter to Capper illustrates, the bankers had balked at any further financing of Europe. Despite verbal prodding by the administration, American bankers had concluded that neither they nor the investing public on whom they depended could safely risk any substantial quantity of funds in Europe in the spring of 1921. The Foreign Trade Financing Corporation had failed to raise its authorized capital despite an impressive list of endorsements and a massive promotional campaign.[23] This setback revealed a vigorous skepticism on the part of American investors and bankers towards Europe's economic prospects. As a result of these developments, Hoover informed Capper, only disarmament, fixing the German indemnity, and a formal condition of peace would restore the degree of confidence in Europe's "fiscal stability" required to loosen American pocketbooks.[24]

The second consideration that lay behind the shift in Hoover's thinking was Harding's decision, announced in April 1921, to recommend separate peace treaties with the Central Powers instead of conditional approval of the Treaty of Versailles.[25] Hoover had favored major modifications in the original treaty, but he foresaw dangerous economic conse-

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[22] Hoover to Arthur Capper, April 23, 1921, file 80696, RG 40. The mimeographed copy of this letter carries a notation indicating that it was released by Capper on April 28, 1921. This letter, along with Capper's letter of April 13, 1921, which had prompted Hoover's response, can also be found in file: Capper, box 264, Secretary of Commerce: Official, Hoover Papers.

[23] Richard N. Owens, "The Hundred Million Dollar Foreign Trade Financing Corporation," *Journal of Political Economy*, XXX (1922), 347; *Chicago Herald Examiner*, March 1, 1921, p. 1; unsigned memorandum, "Dictated for John C. McHugh," June 1921, file: Foreign Trade Financing Corporation, Morrow Papers; Hoover to Senator George W. Norris, May 25, 1921, file: Norris, box 267, Secretary of Commerce: Official, Hoover Papers; Harding to Hoover, May 17, 1921, folder 3-1, box 5, Harding Papers; Warburg to Hoover June 29, 1921, file: Warburg, Secretary of Commerce: Official, Hoover Papers.

[24] Hoover to Capper April 23, 1921, file 80696, RG 40.

[25] U.S. Dept. of State, *Papers Relating to the Foreign Relations of the United States, 1921* (Washington, D.C., 1936), I, vii-xx.

quences from the decision to scrap the document entirely. As Secretary of Commerce, he had vigorously opposed that decision within administration councils. Harding's course, he believed, would entail a significant loss in momentum toward peace. It could also result in the United States having to yield its seat on the Reparations Commission and thereby lose the great potential power over the German economy which the commission afforded its member countries. The decision also carried with it the promise of even stricter limitations on America's formal political role in Europe.[26]

Above all Hoover feared an exacerbation of relations with the former Allies as the United States maneuvered independently for position with respect to Germany. Hoover observed to Secretary of State Charles Evans Hughes that "the immediate sentimental reflex amongst the Allied peoples will be the most dangerous thing that has ever happened to our already demoralized trade." "Hate," he concluded, "is a worse blockade than tariffs or discriminating combinations."[27] Taken together, these several considerations leave no doubt that Hoover believed Harding's policy of a separate peace would deter the growth of that level of investor confidence in Europe needed to generate a sufficient flow of private capital. Hence Hoover began to tack toward Wall Street's position and to insist on the need for further steps toward European political and fiscal stability as preconditions for any sizable expansion of American credits.

Hoover quickly came to identify arms limitation as a major objective in the broader drive to promote European reconstruction. The letter to Capper had mentioned arms spending and a settlement for the German indemnity as two key prerequisites for financial stabilization. Two weeks later, on the heels of Germany's reluctant agreement to an indemnity settlement, Hoover turned his attention to disarmament. In a

[26]On Hoover and the League Treaty, see Hoover, *Memoirs*, II, 36–37; Pusey, *Hughes*, II, 431–439; Herbert Hoover, *The Ordeal of Woodrow Wilson* (New York, 1958), 268, 282–284, 290–292; *New York Times*, Oct. 15, 1920, pp. 1, 2; Dec. 13, 1920, pp. 1, 2; Hoover to Hughes April 5, 1921, enclosed with memorandum entitled "Economic Aspects of the Treaty," file: C. E. Hughes, Secretary of Commerce:Personal, Hoover Papers.

[27]Hoover to Hughes, April 6, 1921, file: C. E. Hughes, Secretary of Commerce: Personal, Hoover Papers.

reply to a request from President Harding for a list of the greatest problems facing the nation, Hoover in a letter of May 11, 1921, singled out disarmament as the top priority item.[28] The full meaning of this recommendation began to appear in the summer and fall of 1921 as Hoover and Eugene Meyer, Jr., of the WFC collaborated to shape and implement the administration's strategy for coping with the American depression.

During June and July, as Hoover and Meyer grappled with the knotty question of effective assistance to those farmers producing for the export trade, evidence mounted that European purchasers, fearing the risks occasioned by exchange fluctuations, were only buying such commodities as cotton in small quantities, just enough to meet immediate forseeable needs. By August the two men had devised a three-part strategy for dealing with this situation. First, the government through the WFC should continue to provide facilities for refinancing loans made on agricultural exports. Second, the bankers should be encouraged to develop machinery to finance the holding of nonperishable commodities against liquidation. To assist the private sector in this effort, the administration, on the recommendation of Hoover and Meyer, secured the enactment of legislation permitting the WFC to extend credit to bankers and agricultural cooperatives against crops held in storage in the United States.[29] Third, Hoover and other administration lead-

[28]Hoover to Harding, May 11, 1921, typescript copy, box 698, Harding Papers. This typescript, along with a number of others, was made in preparation for a Doubleday edition of Harding's papers. The original has not been located, but there is a brief log entry of a letter from Hoover to Harding of May 11, 1921, which reads "Thinks the one most important thing in sight is disarmament—President acknowledged—239." This log entry, taken in conjunction with Harding's reply to Hoover of May 14, 1921, supports the essential accuracy of the typescript. The log entry sheet can be found in folder 3-1, box 5, Harding Papers. Harding's reply to Hoover of May 14, 1921, is in file: President Harding, Secretary of Commerce:Official, Hoover Papers. See also Murray, *Harding Era,* 143–144.

[29]Hoover to Norris, May 25, 1921, file: Norris, box 267, Secretary of Commerce: Official, Hoover Papers; Hoover to Meyer, June 8, 1921, Meyer to Hoover, June 3 and 9, 1921, file: WFC, box 311, *ibid.;* Meyer to Harding, July 25, 1921, folder 1571, box 569, Harding Papers; Meyer to Oscar W. Underwood, July 28, 1921, file: WFC, RG 56; Hoover to Don Livingston, July 27, 1921, file: Don Livingston, Secretary of Commerce:Personal, Hoover Papers; drafts of Hoover statement to congressional hearing on Norris Bill, file: Sen. Norris Bill, *ibid.;* file: Commodities, Cotton Financing, boxes 252/1/2 and 252/2/3, RG 154; War Finance Corporation, *Fourth Annual Report, for the Year ending November 30, 1921,* in *Chronicle,* Dec. 31, 1921, pp. 2769–2771. Officials of the Department of Agriculture concurred with Meyer and

ers intensified their search for ways to assist in solving Europe's fiscal problems and to restore currency stability.[30]

In his ongoing efforts to promote relief for American agriculture by hastening financial stabilization in Europe, Hoover repeatedly cited arms limitations as indispensable to any permanent solution to the problem of fluctuating exchange rates, and he linked his support for the Washington Conference to this concern. Charged by the administration with the task of preparing data for the conference, Hoover sponsored studies exploring the interrelationship among war related spending, depreciated currencies, and international trade and he enlisted the services of Chase Bank economist Benjamin McAllister Anderson, Jr., one of the country's leading authorities on foreign exchange problems.[31]

The staff of the Federal Reserve Board was also drawn into these efforts and part of the *Federal Reserve Bulletin* for December 1921 was devoted to a discussion of the significance of arms spending in the governmental budgets of France, Italy, Germany, and the United States. The Federal Reserve study found

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Hoover in opposing the Norris Export Bill, and one such official, examing the trend of exports since the war and noting that volume had remained high while prices had fallen, concluded that increased exports would not necessarily bring prosperity to agriculture. This became an important consideration in what I have earlier called the pessimistic outlook. On the Department of Agriculture position, see Winter, *Wallace,* 83–85.

[30]The administration's concern with the problem of exchange fluctuations can be traced in memorandum to Hoover entitled "Expert Advice on Economic Problems," June 16, 1921, file 81436, RG 40; memorandum prepared by Tariff Commissioner William S. Culbertson, May 14, 1921, box 46, William S. Culbertson Papers, Library of Congress; memorandum on White House Conference with Western Bankers, box 88, Harding Papers; Hoover to Benjamin Strong, Aug. 30, 1921, and Strong to Hoover, Sept. 1, 1921, Benjamin Strong Papers, Federal Reserve Bank of New York; *Federal Reserve Bulletin,* VII (1921), 1380–1381; *New York Times,* Oct. 7, 1921, p. 4; *Chronicle,* Oct. 29, 1921, pp. 1823–1824, and Nov. 26, 1921, pp. 2240–2241.

[31]Leland Rex Robinson to Stetson, Oct. 27, 1921, Hoover to Mellon, Nov. 14 and 17, Dec. 1 and 2, 1921, file 80690/1, RG 40; Hughes to Mellon, Sept. 1, 1921, file 500A41a/11, Records of United States Participation in International Conferences, Commissions, and Expositions, Record Group 43, National Archives (hereafter cited as RG 43); Culbertson to Mellon, Oct. 24, 1921, file 500A41a/29, RG 43; Hoover to Mellon, Oct. 12, 1921, file 80690/1, RG 40. Tariff Commissioner William S. Culbertson, who helped coordinate data collection and staff work for the conference, had a strong interest in the problem of exchange fluctuations; the Tariff Commission was designated to supply a study of war costs and currency depreciation. See Culbertson to W. W. Cumberland, July 16, 1921, and Culbertson to President Harding, Dec. 13, 1921, box 46, Culbertson Papers; Culbertson to Dwight Morrow, Feb. 9, 1921, Morrow Papers; and list of "Economic Data for Conference," Nov. 5, 1921, Chandler P. Anderson Papers, Library of Congress.

"the financial burden upon the taxpayers of the countries ... much heavier than before the war" and predicted "that an effective reduction in naval outlay ... would result in very material betterment." Like Hoover, the Federal Reserve officials placed disarmament explicitly in the context of postwar economic reconstruction and suggested that the realization of the American program at the Washington Conference would be "the necessary first approach toward the restoration of banking soundness and economic stability with, as an eventual result, the stabilization of foreign exchange."[32]

Hoover issued two public statements in December 1921 which praised the work of the Washington Conference as an important (if limited) step toward sustained economic rehabilitation. In the more extensive of these pronouncements, a general review of economic conditions in Europe, the Commerce Secretary noted that "unbalanced budgets" and "the consequent currency inflation of certain countries with its trail of credit destruction" hampered commerce and endangered the "great recuperation," which he found had taken place in many areas of European social and economic life. The effects of "this failure in fiscal finance and the apprehension which flows from it," he argued, "spread constantly outside the borders of those states predominantly concerned and substantially check our recovery also." Despite his gloomy prognosis, Hoover found grounds for cautious optimism in the anticipated naval disarmament, which he hoped would be followed by progress in the limitation of land armaments.[33]

President Harding and Secretary of State Hughes likewise accepted the proposition that the United States had a vital stake in European recovery. Along with Hoover, both men generally shared the assumptions underlying the Wilsonian world view even as they, like Hoover, sought to avoid the political commitments implied in Wilson's version of the League of Nations.[34] Within these limits and those imposed by their

[32] *Federal Reserve Bulletin,* VII (1921), 1377–1383, quotations from p. 1383; see also *New York Times,* Dec. 8, 1921, p. 4, and Frank I. Cobb, "Economic Aspects of Disarmament," *Atlantic Monthly,* CXXVIII (1921), 154–159.

[33] *New York Times,* Dec. 12, 1921, p. 17; see also *ibid,* Dec. 25, 1921, p. 28.

[34] The essential continuity in the outlook on foreign policy of the Wilson and Harding administrations is developed in two works which have significantly influenced this study: Williams, *Tragedy of American Diplomacy,* 104–123; and Carl Parrini, *Heir to Empire* (Pittsburgh, Pa., 1969), 138–152.

perception of American public and congressional opinion, both men worked consistently toward European recovery. Hughes put it bluntly when he asserted in June 1921 that "the prosperity of the United States depends upon the economic settlements which may be made in Europe and the key to the future is with those who make and control these settlements."[35] Moreover, both Harding and Hughes understood the link among disarmament, international financial stabilization, and European recovery.

Concern for European recovery was reflected in the way Hughes and Harding defined the goals of the Washington Conference. In his preliminary discussion of those goals, Hughes explicitly stated that the American objectives for arms limitation were limited neither to the Pacific nor to naval arms.[36] Because United States' interest "might make it desirable to include other armaments than that which is distinctly naval," Hughes sought to avoid any initial restrictions on the scope of the conference.[37] In his formal invitations to the conclave, the President pointed to the broad economic grounds for the meeting, asserting that the "enormous disbursements in the rivalries of armaments manifestly constitute the greater part of the encumbrance on private and national prosperity."[38] Later, at the official opening of the conference proceedings in November, Hughes called on the delegates to "meet the challenge of imperative economic demands." "If there is to be economic rehabilitation, if the longings for reasonable progress are not to be denied," the Secretary emphasized, then "competition in armaments must stop."[39]

Hughes subsequently reaffirmed the importance which he attached to the economic consequences of disarmament—

[35]*Chronicle,* June 18, 1921, p. 2598.

[36]Hughes to Harding, July 9, 1921, and Hughes to George Harvey, July 9, 1921, in U.S. Dept. of State, *Foreign Relations, 1921,* I, 21–23.

[37]Hughes to Harding, July 9, 1921, *ibid.* Earlier, in answering Hoover's plea that he take the initiative on disarmament, the President wrote that he would move on the question as soon as "the European situation makes it seem advisable." Harding to Hoover, May 14, 1921, file: President Harding, Secretary of Commerce:Official, Hoover Papers.

[38]U.S. Dept. of State, *Foreign Relations, 1921,* I, 57.

[39]U.S. Dept. of State, *Conference on the Limitation of Armaments* (Washington, D.C., 1922), 39, reprinted as *S. Doc. 126,* 67 Cong., 2 sess. (1922). See also President Harding's remarks at the opening session of the conference in *New York Times,* Nov. 13, 1921, pp. 39–40.

especially for Europe—and explained that the Washington Conference had in some sense been viewed as providing a back door to this objective. "Europe is at the moment," he informed an audience in 1922, "burdened with the expense of large armies, heavily disproportionate to the financial ability of the respective states to maintain them." Although intractable intra-European political considerations obstructed progress on the limitation of land armaments, the Secretary continued, "there was an opportunity presented to us, because of our special relations in the matter, to deal with the question of naval armament."[40] Hughes acknowledged the budgetary importance of spending for land armaments, but explained that his ability to deal effectively with this aspect of the problem was limited—as in fact it was since both his own inclinations and his reading of American public opinion prevented him from making political commitments to Europe. Operating under such constraints he could not propose the sort of guarantees which would allay the fears underlying Europe's large outlays for armaments. Furthermore, the United States, with relatively little to fear on its frontiers, had already reduced its land forces and was unable to bargain from a position of military strength or to take unilateral action.[41]

In contrast to the problems posed by land disarmament, the

[40] *New York Times,* Oct. 31, 1922, pp. 1, 4. Additional evidence of Hughes's interest in the implications of disarmament for European reconstruction can be found in the memorandum on the calling of the Washington Conference, prepared in 1933 at Hughes's direction by Henry C. Beerits, folder 3, box 169, Charles Evans Hughes Papers, Library of Congress; and a report of a conversation which Hughes had on March 28, 1921, with Clarence W. Barron, publisher of the *Wall Street Journal* in Arthur Pound and Samuel T. Moore, eds., *They Told Barron: Conversations of an American Pepys in Wall Street: The Notes of the Late Clarence W. Barron* (New York, 1930), 246. In his autobiographical notes dictated during World War II, Hughes was preoccupied with defending the naval ratios adopted at the conference, but he did endorse the account prepared earlier by Beerits. See David J. Danielski and Joseph S. Tulchin, eds., *Autobiographical Notes of Charles Evans Hughes* (Cambridge, Mass., 1973), 238–249. This interpretation is supported by Woodard, "Postwar Reconstruction and International Order," 131–134.

[41] Among Hughes's papers on the Washington Conference, there is a short undated memorandum from the general staff entitled "Military Policy of the United States." Noting that the United States Army was down to 160,000 men, the memorandum asserted: "We have already reduced our land forces to the minimum consistent with our national safety." The memorandum is in folder 21(a):Washington Conference Miscellaneous, box 171, Hughes Papers. On this point, see also Sprout, *New Order,* 144.

naval armament question, of great importance to America's strategic position and the Open Door in the Far East, offered the United States an opportunity to promote reductions in naval spending and, as a by-product, create a climate conducive to cuts in army budgets. Many of the continental nations which, in the view of American officials, seemed particularly in need of fiscal austerity had no navies and were not invited to the Washington Conference. Yet it was not outside the realm of possibility to expect that the success of the effort to limit the naval armaments might provide the incentive for similar efforts by those continental powers spending so heavily for their armies. Also, France was present at the conference. Not only did she possess the largest army in Europe, but the level of her military establishment was generally considered to be the critical variable in determining military spending in most of the other continental countries.[42]

Any hopes that the Washington Conference would produce substantial results in limiting land armaments proved in retrospect to have been misplaced. The United States delegation cautiously broached the subject of land disarmament at an early session of the conference, but the French representative vigorously resisted the suggestion. Asserting that his country had already reduced its military forces to the lowest levels commensurate with its own safety, Premier Aristide Briand insisted that further reductions would be considered only if the former allies were willing to guarantee French security against Germany. Since the United States was not willing to do this, the matter rested.[43] Hughes acknowledged the force of the French position a year later when he publicly suggested that progress

[42]On the link between the level of French military strength and that of the rest of Europe, see Hoover, "Memorandum on the Major Questions before the Proposed Economic Conference in Europe," Jan. 4, 1922, enclosed in Hoover to Harding, Jan. 4, 1922, folder 3-2, box 5, Harding Papers.

[43]Hughes did not believe that any agreement on limitations of land armaments would be possible at the conference, but he, like Elihu Root, apparently hoped that the question would be discussed in a general way at the sessions of the Committee on the Limitation of Armaments, thus laying the groundwork for agreement at some future time. When the French objected to this approach, discussions of land armaments were limited to three specific topics, gas, aircraft, and the laws of war. U.S. Dept. of State, *Conference on the Limitation of Armaments,* 237–250, 792–793.

in reducing land armaments would have to await the alleviation of Europe's formidable and deep-seated political antagonisms.[44]

In the wake of the Washington Conference, Hoover showed himself less willing than Hughes to await a favorable turn of events. Aware that agriculture was not, in general, sharing the improved economic conditions which many Americans began to experience in 1922, Hoover urged a frontal assault on the problem of financial stabilization in Europe. Even before the Washington Conference ended, the Secretary of Commerce, who believed in the efficacy of economic means for achieving political ends, proposed to President Harding that the United States sponsor a comprehensive economic settlement in Europe, linking an American currency stabilization loan of $500 million to a fifty percent reduction in land armaments and a new reduced schedule of reparations payments. The proposal was not pursued.[45]

Hoover and Hughes subsequently engaged in a continuing campaign to persuade American bankers to cooperate in the government's efforts to force Europe to put its fiscal and political house in order.[46] These tactics were not without success. The Dawes Commission, established in the wake of the French occupation of the Ruhr, and the subsequent London conferences on the implementation of the Dawes Plan, helped create a substantially improved investment climate in continental Europe after 1924. The salutary impact of these measures was later expanded as a result of currency stabilization schemes undertaken in various countries under the leadership of Benjamin Strong, Montagu Norman, and other leading central bankers. As a result a limited and, as it turned out, a fragile

[44]*New York Times,* Oct. 31, 1922, p. 4.

[45]Hoover to Harding, Jan. 4, 1922, with enclosure cited in footnote 42, folder 3-2, box 5, Harding Papers; Hoover to Harding, Jan. 23, 1922, file: Economic Recovery of Europe, Secretary of Commerce:Official, Hoover Papers.

[46]Memorandum, April 22, 1922, prepared by Christian A. Herter and covering a conversation between Hoover and Hughes, box 1-I/549, Secretary of Commerce: Official, Hoover Papers; Hughes to Morrow, Sept. 19, 1924, Morrow Papers; State Department Economic Adviser Arthur N. Young to Assistant Secretary Leland Harrison, Feb. 3, 1923, file 863.51/493, RG 59; Thomas W. Lamont to Hughes, April 24, 1923, and Hughes to Lamont, April 26, 1923, file 863.51/559, RG 59.

restoration of Europe and the international economy was achieved in the latter part of the decade.[47]

Despite these efforts, American farmers continued to complain that they were not participating in the nation's prosperity and many defined an enlargement in the European market as a key factor in improving their condition. Within this context, some farm spokemen remained enamored of large schemes for the disposal of agricultural surpluses abroad, as exemplified in the McNary-Haugen Bill, but farm leaders also generally supported the administration's step-by-step efforts to promote financial stabilization in Europe through debt-funding agreements, the fixing of reparations, and reconstruction loans.[48]

Succeeding Republican administrations generally accepted the pessimistic view on the potential of the European market for American agriculture, but they were no less anxious to encourage development of even these limited outlets for the country's farm products.[49] As Calvin Coolidge's Secretary of Commerce and later as President, Hoover, in particular, re-

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[47]There are several recent studies of these developments. See, for example, Brady A. Hughes, "Owen D. Young and American Foreign Policy, 1919–1929" (Ph.D. dissertation, University of Wisconsin, 1969); and Frank Costigliola, "The United States and the Reconstruction of Germany in the 1920s," *Business History Review,* XLX (1976), 477–502.

[48]Capper to Hoover, Aug. 28, 1922, file: Capper, box 264, Secretary of Commerce: Official, Hoover Papers; Norris to Sydney Anderson, president of the Wheat Council of Chicago, Sept. 22, 1923, file: Agriculture, tray 5, box 1, Norris Papers; proceedings of the National Agricultural Conference, Washington, D.C., Jan. 23, 1922, in *Chronicle,* Jan. 28, 1922, pp. 363–370, and Feb. 4, 1922, pp. 472–473; Shideler, *Farm Crisis,* 182, 207–208; J. R. Howard, "The American Farmer and European Affairs," *The Manchester Guardian Commercial,* X (1922), 612–613; Robert W. Bingham to Harding, Feb. 5, 1923, enclosing resolutions adopted by the National Council of Farmers Cooperative Marketing Associations, file: Allied Loans, A57-2, box 88, Harding Papers; *Cong. Rec.,* 67 Cong., 4 sess. (Feb. 9, 1923), 3362–3363, 3367–3368; Aaron Sapiro to Harding, Feb. 3, 1923, file: Great Britain 132.02, box 117, Treasury Department, Bureau of Accounts, Country Files, Record Group 39, National Archives. A perceptive discussion of the link between American agriculture and the Dawes plan is David G. Meissner, "The Dawes Plan: A Business Approach to Peace and Prosperity" (B. S. honors thesis, University of Wisconsin, 1960), esp. 209–224.

[49]Henry P. Fletcher to George W. Pepper, Nov. 13, 1922, box 9, Henry P. Fletcher Papers, Library of Congress; Culbertson to William Allen White, Dec. 27, 1922, box 47, Culbertson Papers; Howard H. Quint and Robert H. Ferrell, eds., *The Talkative President: The Off the Record Press Conferences of Calvin Coolidge* (Amherst, Mass., 1964), 194; Alfred P. Dennis, "European Agriculture and the American Export Trade in Food Products," *Annals of the American Academy of Political and Social Science,* CXIV (July 1924), 110–114. At the time Dennis was Special European Representative for the U.S. Department of Commerce.

mained strongly interested in both disarmament and the problems of American agriculture. Although Hoover, following the logic of the pessimists, more and more came to insist that vigorous cooperative marketing organizations and a strong position in the home market were the keys to resolving the problems of American agriculture, he also retained his belief that full and sustained American prosperity depended on the economic reconstruction of Europe and the international marketplace.[50] To realize these latter objectives, he concluded, additional reductions in armaments, including land armaments, would be required. Throughout the decade this remained for him an important concern.[51]

These developments of the later 1920s serve to illuminate the policies of the earlier part of the decade and they reinforce further the thesis argued here: For Hoover and other members of the Harding administration, the Washington Conference had a European as well as a Pacific dimension; in fact the conference was a limited initial step in America's efforts to promote European reconstruction based on the premise that economic progress in Europe was essential to the long-term health of American agriculture and to the full recovery of the country from the depression. Finally, when viewed from this standpoint, the conference is seen to have had an integral relationship to the major economic policies of the Harding administration.

[50]Hoover to Capper, Sept. 1, 1922, file: Sen. Capper, box 264, Secretary of Commerce:Official, Hoover Papers; Shideler, "Hoover and the Federal Farm Board," 723–729; Hoover, *Memoirs,* II, 109–111; *New York Times,* Oct. 30, 1927, part X, p. 2; E. Dana Durand, "Tendencies in the Foreign Trade of the United States," *Annals of the American Academy of Political and Social Science,* CXXVII (Sept. 1926), 12–24. At the time Durand was chief of the Division of Statistical Research in the Bureau of Foreign and Domestic Commerce, U.S. Department of Commerce.

[51]Hoover memorandum, Feb. 4, 1923, file: C. E. Hughes, and Hoover memorandum Sept. 23, 1925, file: French Debts, both in Secretary of Commerce:Personal, Hoover Papers; Wilson, *American Business and Foreign Policy,* 62; Wilson, *Hoover: Forgotten Progressive,* 193–195; *New York Times,* Dec. 31, 1925, p. 4; April 12, 1930, p. 1.