COOLIDGE QUARTERLY

A PUBLICATION OF THE CALVIN COOLIDGE PRESIDENTIAL FOUNDATION

March 2021 | Volume IV | Issue I

Silent Cal & The Crash

Coolidge Foundation Staff: *False Narrative: Silent Cal Chatting up the Market*

Did Coolidge Cause the Depression? **Amity Shlaes Interview**

Dean W. Ball: *Calvin's Stocks*

FALSE NARRATIVE: SILENT CAL CHATTING UP THE MARKET

BY COOLIDGE FOUNDATION STAFF

Silent Cal was not silent when it came to stock markets. The thirtieth president talked up the market so much that he helped to cause the Crash of 1929, and even the Great Depression. And then receded into silence again.

That is the allegation often leveled at President Coolidge regarding the Great Depression. Most recently this view was offered up by Nobel Prize winning economist Robert J. Shiller. When asked recently on *Yahoo! Finance* whether Coolidge was responsible for the 1929 crash, Professor Shiller did place the blame on Coolidge. "But unfortunately Calvin Coolidge is not the example we want for good government because it all came crashing down in 1929. Was that his fault?" he asked. Professor Shiller went on, thinking aloud, "I kind of think it sort of was, sort of was, his fault."[1] In his recent book, *Narrative Economics*, Professor Shiller contends that President Coolidge "took it upon himself to boost public belief in the economy and in the stock market."[2]

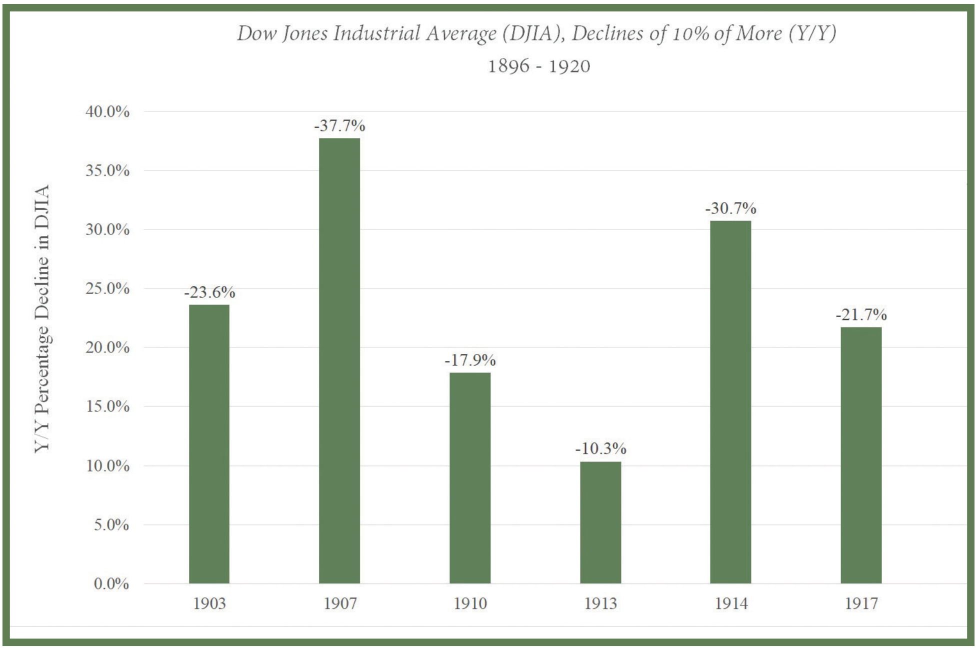
Professor Shiller's footnoting suggests he bases his contentions in part on a 1928 article in *The Atlantic*, "Capeadores in Wall Street" by Ralph West Robey, some of whose material was picked up by the *New York Times*.[4] The term "capeadores" refers to the men in the bullring who wave their capes to excite the bull, suggesting mischief. The capeadores tagged as energizing a bull market in the article are President Coolidge and his administration. And of course, many readers will know John Kenneth Galbraith's legendary *The Great Crash, 1929.* Galbraith reported that Coolidge in 1929, a year when the stock market would reach its high of 381, called the economy "absolutely sound" and claimed equities were "cheap at current prices."[5]

Such allegations matter because the recession that followed Coolidge's presidency was not just any recession. The "Great Depression" truly deserved its adjective, featuring unemployment of more than 10%, and often closer to 20%, for a period of ten years. To convict Coolidge of talking up the late 1920s market is considered enough to convict him and his decade, the 1920s, for the United States largest economic debacle, the 1930s. Or so the current logic.

John Kenneth Gailbraith, author of The Great Crash, in the 1940s. (Image courtesy of the Library of Congress.)

We suggest today's commentators think again. For today's logic includes a few flawed links, as Amity Shlaes notes in this issue. This article addresses the first link in the chain of argument: that Coolidge personally and intentionally did his part to inflate the market.

To commence, it is helpful to understand the financial mindset of that period, different from today's. In those days, federal law did not dictate that Washington was in charge of the peacetime stock market. The federal government did not assume that it could manage the stock market directly. There was no Securities and Exchange Commission. New York State policed the New York Stock Exchange; Massachusetts, the exchange in Boston. The infamous fraudster



Six times, between 1896 and 1920 the Dow Jones Industrial Average declined by more than 10% over the course of a given year. Market fluctuations were common during this period. (Data from the Dow Jones Industrial Average.)

Charles Ponzi operated in Massachusetts, among other states. As governor of Massachusetts in 1920, Coolidge – not President Woodrow Wilson – found himself leading post-Ponzi reform efforts.[6]

Rather than regulate the market, the job of the executive branch in Washington was to reassure the world of America's solvency, by controlling debt and providing the conditions for growth – Coolidge's emphasis. It was also the president's job to back Congress up in promulgating policy that freed Main Street to thrive. At that time, Wall Street was not the financial giant that it is today and fewer big companies traded publicly: the engine of Main Street, Ford Motor Company, was still a private company. Today millions of Americans participate in the stock market through their pensions. In the 1920s, fewer pensions were made up of equities in national companies.

To politicians of the restrained school – Coolidge – Wall Street seemed a near sideshow, an inappropriate place for presidential intervention. When it came to domestic markets, at the very most, a president might try to smooth uncertainty by providing the public with information. Such restraint suited Coolidge fine, since Coolidge's aim was to curtail the domestic role of the nation's top office as distant and symbolic. Coolidge also believed in delegation, including delegation to his own staff, most especially his markets expert, Treasury Secretary Andrew Mellon. In Coolidge's view, when the market crashed, it crashed, and there was little a president could or should do. After all, men and women in their 50s – Coolidge's age – had seen multiple market crashes in their adulthood, as the above chart details. Those past crashes were all followed, within a few years, by recovery.[7]

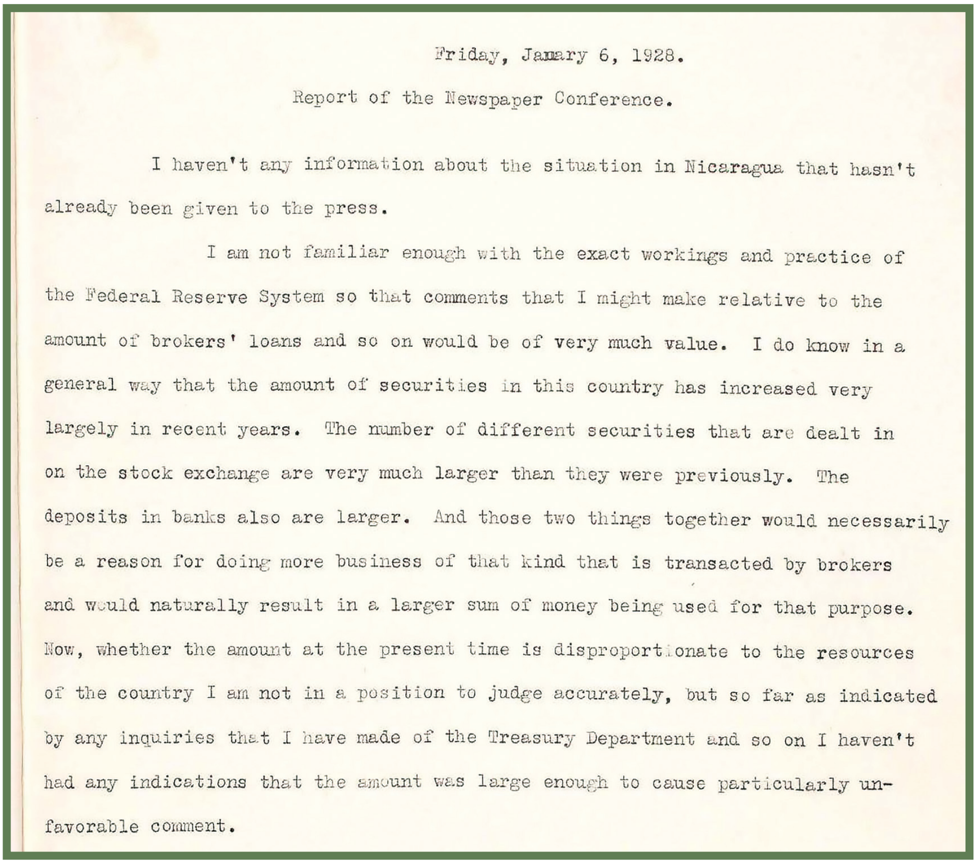
TAKE A LOOK

Check out the Coolidge Foundation's new archive of President Coolidge's press conferences on the Coolidge Virtual Library:

www.coolidgefoundation.org/coolidge-library

The case against Coolidge starts in the winter of 1927-1928. On December 6, 1927, Coolidge offered his annual State of the Union report to Congress. The report was positive, rating the state of the union "good" but warning that any desire to over-spend government funds was subject to the market conditions, such that "A slight depression in business would greatly reduce our revenue. . ."[8]

In mid-December of 1927, the Dow Jones Industrial Average closed past 200 for the first time, but bobbed downward in January.[9] In January 1928, the New York Stock Exchange reported that brokerage loans had risen sharply, a disconcerting sign that some Americans were overextending themselves.[10] On January 6, Coolidge, perhaps personally disconcerted himself, took the unusual step of opting to utter a few calming words. Coolidge told his press pool, "The number of different securities that are dealt in on the stock exchange are very much larger than they were previously," and that he, Coolidge, was in no position to advise markets. "Now, whether the amount at the present time is disproportionate to the resources of the country I am not in a position to judge. . ." By way of reassurance, Coolidge allowed, again unusual for him, that he had not had "any indications that the amount [of brokers' loans] was large enough to cause particularly unfavorable comment."[11] The papers spun Coolidge's equivocation as presidential certainty: "Sees Nothing Unfavorable in $3,810,023,000 Advances to Brokerage Houses" read the sub-headline in the *Washington Post*.[12] In the hours during which a second-hand version of Coolidge's words became known, the Dow jerked upward; trading volume became heavy.[13] On the subject of the press conference comment, Coolidge's biographer Claude Fuess wrote, "It was the one important occasion when Coolidge



Friday, January 6, 1928.

Report of the Newspaper Conference.

I haven't any information about the situation in Nicaragua that hasn't already been given to the press.

I am not familiar enough with the exact workings and practice of the Federal Reserve System so that comments that I might make relative to the amount of brokers' loans and so on would be of very much value. I do know in a general way that the amount of securities in this country has increased very largely in recent years. The number of different securities that are dealt in on the stock exchange are very much larger than they were previously. The deposits in banks also are larger. And those two things together would necessarily be a reason for doing more business of that kind that is transacted by brokers and would naturally result in a larger sum of money being used for that purpose. Now, whether the amount at the present time is disproportionate to the resources of the country I am not in a position to judge accurately, but so far as indicated by any inquiries that I have made of the Treasury Department and so on I haven't had any indications that the amount was large enough to cause particularly unfavorable comment.

Transcript of Coolidge's January 6th press conference. (Image courtesy of the Vermont Historical Society.)

did not keep his mouth shut, and his untimely utterance proved to be the most unfortunate blunder he ever made."[14] If so, it was not very unfortunate. For, as fellow Coolidge biographer Robert Sobel notes, the Dow dropped back even before the day of trading was over and soon the market had fallen back below 200.[15]

Perhaps unnerved by even the suggestion he was involving himself, Coolidge, in any case, dropped market chatter and returned to his bland statements about the general economy. Typical were remarks on March 20, 1928: "There are a few more people that are out of work, or were when [the Secretary of Labor] made his survey, than there are at some other times, some places that have some unemployment, other places where it is not possible to secure the amount of labor that is desired."[16] The same dry tone could be heard when Coolidge told the press of international economic prosperity in April: the rest of the world was benefiting from "stabilization that has come from their getting their finances into better order and securing reforms in their currency, getting back onto a gold basis and stabilizing their currency."[17]

As the year 1928 passed, and the market moved upward into uncharted territory, those around the president heard him express personal concern. Towards the end of his time in Washington, Coolidge would meet with fellow Amherst alumnus Charles Merrill, the founder of Merrill Lynch. Recalling the meeting, Merrill later reported that Coolidge and he both agreed share prices had to come down, and significantly.[18] But whatever his private thoughts, Coolidge still rated presidential intervention in the market the wrong action. Even after his presidency, when Coolidge wrote a daily column, he rarely commented on the stock market.

What then caused the misunderstanding and misrepresentation of our thirtieth president? Much of the trouble lay in the "no direct quote" nature of the presidential press conferences. The "no quote" rule backfired. After all, reporters, then as now, crave drama and news. They resent bland talk. Reporter Charles Michelson later recalled with disapproval, "Coolidge's expedient to avoid direct quotation but to clothe such news as he wished the reporters to publish with some authority."[19] Reporters also tend to build presidents up as supermen, however resistant presidents are to that role. Then, as now, politics also played a role: many editors favored the Republican Party. Coolidge was enormously popular. The press men wanted first Coolidge, then Herbert Hoover – the ultimate 1928 Republican nominee – to win. Evidence of prosperity, including the stock market, would help the incumbent party. When Coolidge did not supply drama they craved, the reporters hyped what he did say, knowing that Coolidge's own policy of silence in public would restrain him from contradicting them. "Off-the-record" comments went from the White House to newsman to editor to reader in a kind of "telephone" game, with each party free to put his preferred spin on the news of the day.

President Coolidge standing with White House correspondents for a picture near the end of his presidency. (Image courtesy of the Library of Congress.)

An example: On October 30, 1928, a day in a week when the Dow closed at 254, Coolidge spoke to the press. He told the reporters that he intended to go home to Northampton, Massachusetts to vote in the election. But the president also commented on the economy:

> Our imports are keeping up, especially are our exports keeping up. The exports of course do not bring us in direct revenue, but if exports are large it is an indication that business is good and profits will accrue on which the Government will collect income taxes. The general business condition of the country seems to be remarkably strong.[20]

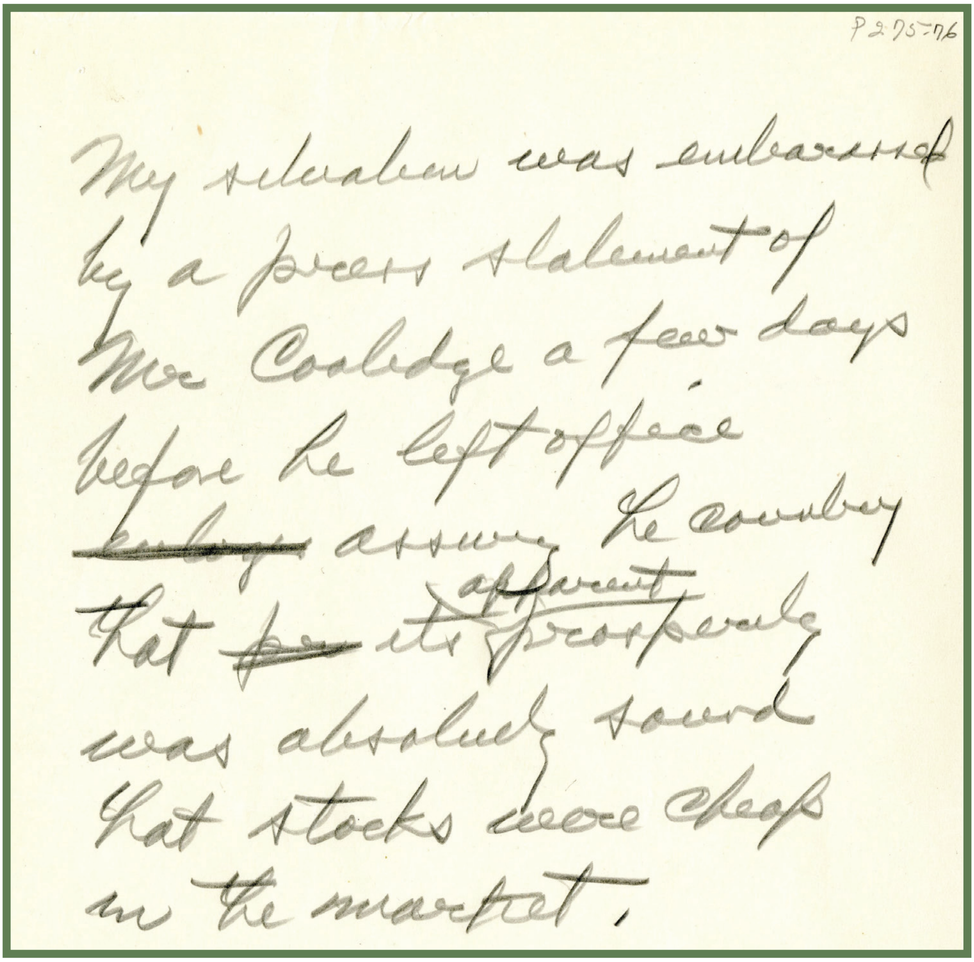
"Remarkably strong" was especially accurate if Coolidge was referring to Main Street and industry, not financial markets. By the language, it appears Coolidge was. Coolidge also discussed his ongoing work with the budget director, Herbert Mayhew Lord, describing their effort to achieve a balanced budget, the kind that might render any market panic short-lived. Coolidge perhaps wondered whether the election, now days away, would give voters, and markets, jitters. In his next statement he offered the abstract comment on the general economy he had just referenced. "The foundation of it must be particularly secure not to be shaken at all by the occurrence of a Presidential election." And then, in typical Coolidge fashion, he went on to qualify, adding that, "business is somewhat better on the whole than it was a year ago. . ."[21] The emphasis of these remarks in any case is not markets, but the obligation that preoccupied Coolidge - that of the White House and Congress to do their assigned part and balance the federal budget.

The papers listened selectively, and whether out of misunderstanding or misinterpretation, hyped the most positive statement in these pre-election remarks. "Conditions Give Coolidge Joy" read the *Los Angeles Times* headline - despite the fact that Coolidge's joy, if any, likely derived from the fact that he soon would retire to the Connecticut River Valley.[22] Another spin of the president's remarks occurred in a November 1 *New York Times* editorial titled "Invulnerable Prosperity" in which the paper simultaneously boosted Coolidge himself and claimed he was optimistic about markets. "When business conditions in this country are represented by President Coolidge as sound beyond the ability of a national election result to affect them adversely, the comment comes from the chosen expert of the business world," the paper said.[23] The careless reader would assume Coolidge had called markets and the economy invulnerable. He had not.

As the final full year of Coolidge's presidency came to a close, the president continued to focus his public remarks on the state of Main Street rather than that of Wall Street. On December 4, 1928, Coolidge used the occasion of the annual State of the Union to say that America had never seen a "more pleasing prospect than that which appears at the present time." Elaborating, Coolidge mentioned not the stock market but the absence of strikes and "tranquility" generally. This makes sense, because it refers to a real achievement of Coolidge and Congress: the reduction of class warfare that resulted from strong Main Street growth. But, on the topic of prosperity, the president also warned, "we should not fail to comprehend that it can easily be lost."[24]

Coolidge left office in 1929. He passed away in 1933. Whatever misrepresentations by the press of the period that existed were cemented into "fact" by early historians, especially those who resented him. Sometimes observers even added to the misrepresentation. An example, discovered by Amity Shlaes and George Nash, was none other than Herbert Hoover. Hoover wrote multiple memoirs. An early draft of one of his accounts, written in the mid-1940s in Hoover's handwriting, reports a comment that Hoover attributes to Coolidge from Coolidge's final days in office in 1929:

> My situation was embarrassed by a press statement of Mr. Coolidge a few days before he left office assuring the country that its apparent prosperity was absolutely sound [and] that stocks were cheap in the market.[25]



P275-76

My situation was embarrassed by a press statement of Mr Coolidge a few days before he left office ~~ending~~ assuring the country that ~~per~~ its apparent prosperity was absolutely sound that stocks were cheap in the market.

An early draft of Herbert Hoover's memoir in which he attributes a 1929 press statement on the state of prosperity in the country and the price of stocks to Coolidge. (Image courtesy of the Herbert Hoover Presidential Library.)

Later, in the 1950s, Hoover published a memoir that converted this paraphrase into a direct quote, maintaining that in 1929 Coolidge himself said that the prosperity of the country was "absolutely sound" and stocks were "cheap at current prices."[26] This drift suggests that as time passed Hoover inadvertently convinced himself that Coolidge uttered words he never had.

It looks as though Hoover may have made a second slip. Hunt as they might, Nash and Shlaes found no 1929 statement by Coolidge himself with strong assurances about the stock market, with or without quotation marks. We too have checked the press conferences and find nothing to this effect. Hoover may have been off by a year on the date, as Nash and Shlaes have written, and meant to refer to Coolidge's January 1928 lines.[27] This matters because the stock market in 1928, while high, might have been considered still a good investment. By 1929 however, the Dow Jones Industrial Average was up by a third from the year earlier, rendering "cheap" a more daring claim. Yet Hoover's misdating slipped as fact into Galbraith's much-quoted classic, *The Great Crash*.[28]

What to conclude? Hoover had a broader conception of the presidency than Coolidge, and did feel the president should do more to manage markets. Coolidge's own colleagues, at Treasury for example, may have plugged a different line – a line that was wrongly attributed to him, a distinction which matters, because, as Coolidge himself noted, "The words of the President have an enormous weight. . ." – extra weight.[29] Looking back, we can suggest that Coolidge should have put everything he said to the press squarely on the record – and made the text all available to Congress and to the public. Pinning a Coolidge presidential statement on the wall of America's post offices each week would have been better than whispering ambiguously to reporters. In the next article, Amity Shlaes looks at the other later links in the unfortunate chain that turned a predictable crash into an unprecedented Depression. Most of them came after Coolidge.

The Great Depression was so deep that the urge to blame someone, anyone, feels almost insurmountable. But to hang it all on Coolidge is to generate one's own false narrative.

Coolidge with cheering newspaper men at one of his early press conferences in August 1923. (Image courtesy of the Library of Congress.)

---

[1] Grete Suarez, "Robert Shiller: Trump has a 'psychological' impact on Fed, economy" (video), Yahoo Finance, 5:48, September 19, 2019, https://finance.yahoo.com/news/robert-shiller-trump-has-a-psychological-impact-on-fed-economy-144915191.html.

[2] Robert Shiller, *Narrative Economics: How Stories Go Viral and Drive Major Economic Events* (Princeton: Princeton University Press, 2019), 125.

[3] Ralph West Robey, "Capeadores in Wall Street," *The Atlantic*, August 1928.

[4] "Lays Bull Market to Coolidge 'Tips,'" *New York Times*, August 24, 1928, accessed January 12, 2021, ProQuest, https://search.proquest.com/docview/104493195/B9728AA10AD747A6PQ/1?accountid=170107

[5] John Kenneth Galbraith, *The Great Crash*, 1929 (London: Allen Lane, 2007), 53.

[6] "Coolidge for Curb as Ponzi Sequel," *New York Times*, Aug 19, 1920, accessed January 5, 2021, ProQuest, https://search.proquest.com/docview/98016972/fulltextPDF/FB7585CF4E5644DEPQ/1?accountid=170107.

[7] Birinyi Associates, *Book of the Dow* 1915-1994 (Birinyi Associates, Inc., 1995), 35-57.

[8] "President's Message Predicts Peace and Prosperity," *Washington Post*, December 7, 1927, accessed January 5, 2021, ProQuest, https://search.proquest.com/docview/149637199?accountid=170107.

[9] Birinyi Associates, *Book of the Dow* 1915-1994, 53.

[10] Robert Sobel, *Coolidge: An American Enigma* (Washington D.C.: Regnery Publishing, 1998), 378.

[11] Calvin Coolidge, Remarks by the President to Newspaper Correspondents, January 6, 1929, Volume X: January 6, 1928 – June 29, 1928, Forbes Library, Northampton, MA.

[12] Associated Press, "Coolidge Lays Gain of Reserve Loans to Trade Expansion" *Washington Post*, Jan 7, 1928, accessed January 5, 2021, ProQuest, https://search.proquest.com/docview/149880813/CB4A540CCF90467EPQ/1?accountid=170107.

[13] Sobel, *Coolidge: An American Enigma*, 380.

[14] Claude M. Fuess, *Calvin Coolidge: The Man from Vermont* (New York City: Little, Brown and Company, 1940), 433-434.

[15] Sobel, *Coolidge: An American Enigma*, 380.

[16] Calvin Coolidge, Remarks by the President to Newspaper Correspondents, March 20, 1928, Volume X: January 6, 1928 – June 29, 1928, Forbes Library, Northampton, MA.

[17] Calvin Coolidge, Remarks by the President to Newspaper Correspondents, April 24, 1928, Volume X: January 6, 1928 – June 29, 1928, Forbes Library, Northampton, MA.

[18] Edwin J. Perkins, *Wall Street to Main Street: Charles Merrill and Middle-Class Investors* (Cambridge: Cambridge University Press, 1999), 103.

[19] Charles Michelson, *The Ghost Talks* (New York: G.P. Putnam's Sons, 1944), 236.

[20] Calvin Coolidge, Remarks by the President to Newspaper Correspondents, October 30,1928, Volume XI: July 3, 1928 - March 1, 1929, Forbes Library, Northampton, MA.

[21] Calvin Coolidge, Remarks by the President to Newspaper Correspondents, October 30, 1928, Volume XI.

[22] Robert B. Armstrong, "Prosperity Unshaken," *Los Angeles Times*, October 31, 1928, accessed January 6, 2021, ProQuest, https://www.proquest.com/docview/162179852/58C4EF77BE06464CPQ/1?accountid=170107.

[23] "Invulnerable Prosperity," *New York Times*, November 1, 1928, accessed January 6, 2021, ProQuest, https://www.proquest.com/docview/104427816/DB65DBBAC0E480FPQ/1?accountid=170107.

[24] Associated Press, "Economies of Government Keynote of President's Message Calling for Increased Saving," *Los Angeles Times*, December 5, 1928, accessed January 5, 2021, ProQuest, https://search.proquest.com/docview/162161081?accountid=170107.

[25] Amity Shlaes, "Calvin Coolidge Revised," *Forbes*, June 26, 2013, accessed January 5, 2021, https://www.forbes.com/sites/currentevents/2013/06/26/calvin-coolidge-revised-new-find-on-1929-crash/?sh=7992599e5f6f.

[26] Herbert Hoover, *The Memoirs of Herbert Hoover*, vol. 3, The *Great Depression 1929-1941* (New York: The Macmillan Company, 1952), 16.

[27] Amity Shlaes, "Calvin Coolidge Revised," *Forbes*.

[28] John Kenneth Galbraith, *The Great Crash*, 1929, 53.

[29] Calvin Coolidge, *The Autobiography of Calvin Coolidge* (Wilmington: ISI Books, 2021), 120.

DID COOLIDGE CAUSE THE GREAT DEPRESSION?

AN INTERVIEW WITH AMITY SHLAES

AMITY SHLAES is the chairman of the board of Calvin Coolidge Presidential Foundation and its CEO. She is the author of *Coolidge* (Harper), a comprehensive biography of America's thirtieth president. Miss Shlaes is also the author of three other New York Times bestsellers, *The Forgotten Man: A New History of the Great Depression* (Harper-Collins 2007), *The Forgotten Man: Graphic,* and *The Greedy Hand*, a history of the tax code. The paperback edition of her latest book, *Great Society: A New History*, was published this winter.

Coolidge Foundation (CCPF): Some historians and economists blame Calvin Coolidge for the Great Depression. Is Coolidge to blame and if not, why?

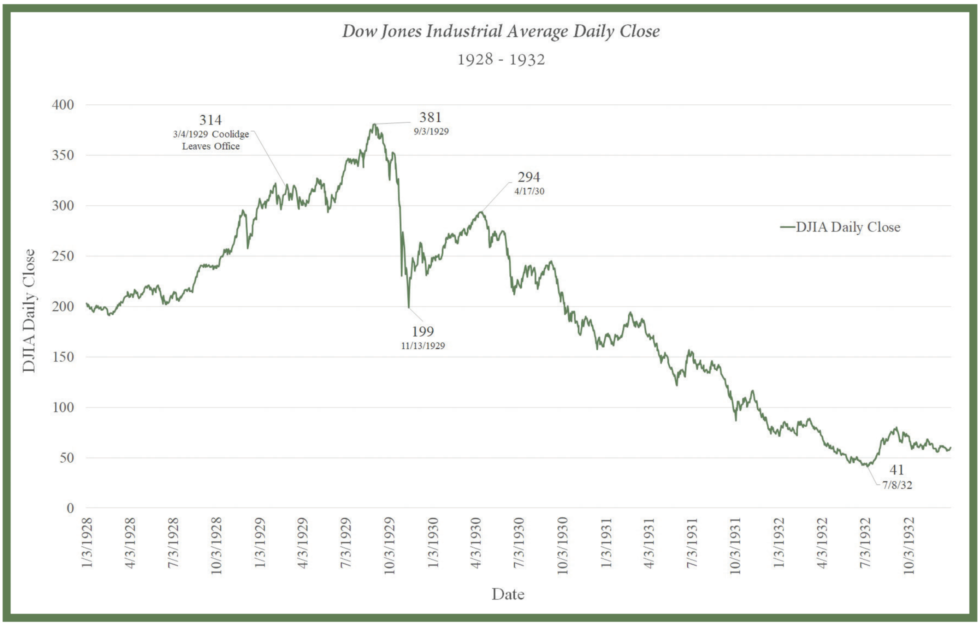
Amity Shlaes (AS): The standard narrative about the period contains a basic chain of arguments. The first link in the chain is that Coolidge was responsible for hyping the stock market. The second is that the growth of the 1920s was false, a champagne bubble in Jay Gatsby's glass. The third is that the stock market crash of 1929 caused the Great Depression – all the way until World War II. The fourth is that President Roosevelt, truly the opposite of President Coolidge, saved the nation with the New Deal. Unfortunately, these linking arguments are not accurate. That we would fall for such a chain of fallacies is in its own way as tragic as the Great Depression itself.

CCPF: Let's start with the growth in the 1920s. What evidence is there that the '20s economy wasn't a "champagne" bubble? How can we tell the growth was real?

AS: The Gatsby narrative is economic fake news. F. Scott Fitzgerald published *The Great Gatsby* in 1925, not 1929. There were troubles in the Coolidge years, on the farm, and in some other areas of the economy. But generally, the 1920s were an economically strong and happy decade, in part thanks to Coolidge. Unemployment stayed low; the patent rate soared. For the first time Americans got cars, radios, telephones, and other household appliances that we still use today. Regular people benefited in other significant ways. For example, productivity gains enabled people to work fewer hours, five days instead of six, for their wages. So, think of the 1920s as the decade that gave us – Saturday. Remember, Coolidge focused, as he should have, on Main Street. It was not the job of a president to focus on Wall Street. We had no Securities and Exchange Commission then.

CCPF: In another article in the *Quarterly*, we take up the topic of President Coolidge's market hype. The evidence suggests Coolidge is not guilty of talking up the market. But what about the market crash? It was severe. The Dow Jones Industrial Average dropped violently.

AS: And came back strongly the following year. The main point is the crash was dramatic, but there was nothing inevitable about a ten-year downturn. Only subsequent policy caused that.



Dow Jones daily closing value from 1928 through the end of 1932. (Data from the Dow Jones Industrial Average.)

CCPF: What were the kinds of policy that led to the ten-year downturn?

AS: The Federal Reserve made now well studied errors. But there were also errors on Capitol Hill and in the White House. Some of the early missteps were made by Republicans. President Herbert Hoover, Coolidge's successor, insisted that businesses sustain high wages when businesses could not afford to do so, slowing reemployment. Hoover also assailed Wall Street and signed an enormous tariff, Smoot-Hawley, a blow to Europe so severe it strengthened strong men of the era.

CCPF: What about the other president associated with the Great Depression, Franklin Delano Roosevelt?

AS: We were in a bad depression in the early 1930s, but still – the Depression didn't have to become "great." Coolidge understood that regulatory uncertainty chills markets. President Roosevelt by contrast enjoyed intimidating markets, and so relished making them nervous, to the extent that he made "bold persistent experimentation" as he put it, official policy. Other measures Roosevelt took challenged Main Street. For example, the National Recovery Administration took over the industrial sector – a government agency overseeing the management, via syndicates, of the private sector. All this put a damper on business. Today we know that innovative industries can power a recovery – think of how the energy sector pulled us out of the recession after 2008. The analogous industry in the 1930s was utilities, yet (and it's no exaggeration to say) President Roosevelt actually crushed utilities in a kind of vindictive act of power. Eventually some people spoke up: Wendell Willkie, a utilities executive, rose to fame, and to challenge Roosevelt for president in 1940. He helped expose the abuse of the industry.

CCPF: What else caused the Great Depression to endure through the 1930s?

AS: Price signals are key to growth. Markets need to bottom out before true recovery can start. Honest prices are like radio signals that can guide you out of a

Presidents Calvin Coolidge, Herbert Hoover, and Franklin Roosevelt. (Images courtesy of the Library of Congress.)

cave. When government intervenes, it scrambles the price signals. In the 1930s, government imposed distortions that kept commerce in the dark. Monetary policy was just noise and static, so unpredictable that no one knew the true price of things. Those prices that were known were difficult to take. The best example was in the price of labor: after Hoover, the Roosevelt administration put yet more upward pressure on wages, through laws like the Wagner Act. Employers couldn't afford the wages that the government and the union demanded. The result was the worst tragedy of the period: sustained double-digit unemployment. Taxation was another perverse factor: the final top tax rate under Coolidge was 25%. Under Hoover and Roosevelt that rate went into the 60% and then the 80% range. When 80% of your last dollar is confiscated, and you're being vilified by an anti-business president, you don't feel like working an extra hour. Recoveries are like people. They make choices. Each year of the 1930s, the recovery looked at policy and chose to stay away.

CCPF: Were there areas in economics where Roosevelt's public policy was better than Coolidge?

AS: The tariff. Coolidge raised sugar tariffs on Cuba, a country whose democratic future depended on sugar exports. He supported tariffs on Europe which, over time, facilitated the rise of Mussolini and Hitler. Roosevelt was better on trade.

CCPF: Why do we not know more about this history of the 1920s and Great Depression? Where can we go to read and learn more about it?

AS: School text books don't give sufficient time to the story of markets or individuals. A different view is available in a book by the chief economist of Chase Bank in the period, Benjamin Anderson, *Economics and the Public Welfare*. Many of us admire Roosevelt's leadership in World War II. I do. So, out of respect, we're silent about the economic work in the 1930s. But Americans can handle complexity – both in their study of time periods, and in their study of presidents.

CCPF: What can we do to help get the truth out about President Coolidge?

AS: Just present the record. Coolidge's record speaks for itself. And you don't have to hate Roosevelt to like Coolidge. We can learn from both presidents. The presidency is not like sports, where ranking rules. There's no need to rank presidents, or beatify and vilify them. We dumb down history when we do so.

CALVIN'S STOCKS

BY DEAN W. BALL

The articles in this issue of the *Coolidge Quarterly* have asked what role, if any, Coolidge played in the Crash of 1929. Coolidge believed that presidents should not play in equities, but in those days presidents did have their own private investments and followed them more closely than is practice today. So how did Coolidge himself invest his own money? Financial records at the Vermont Historical Society (VHS) in Barre, Vermont detail some of Coolidge's personal transactions from 1915 to 1932, shedding some light on this question.[1]

We do not know what share of Coolidge's personal finances these VHS documents represent, but what we can see suggests a man with conservative tendencies and an underlying faith in the American economy. Throughout his presidency, Coolidge followed the conventional rules of investing. He purchased bonds and stocks of large, mostly industrial, firms, many of which are still familiar to Americans today: U.S. Steel, Mack Truck, Anaconda Copper, Goodyear, and of course, Liberty Bonds. Coolidge liked networks: trolleys, trains, roads (Mack). There are, nonetheless, some securities that stick out. In what will come as a surprise to anyone familiar with how public transit is funded in the United States today, Coolidge owned bonds issued by the then-private firms that managed the bulk of the New York City subway system: the Brooklyn-Manhattan Transit Corporation and the Interborough Rapid Transit Company. Such purchases remind us that in that period investors like Coolidge expected that the private sector could provide – with profits for investors and benefits for consumers – what we think of as a government responsibility today.

In 1929, shortly after his presidency concluded, Coolidge transferred many of his securities into the management of J.P. Morgan & Company. Coolidge's sense of timing in politics may have been better than his timing in finance. On September 9, 1929, just a few days from the Dow Jones Industrial Average's peak, Coolidge purchased 3,000 shares of Standard Brands Incorporated, a company created that year via a merger of a half dozen smaller firms, including Fleischmann's Yeast. One might read into this a former president who saw a market crash

FIGURES TO BE INCLUDED IN TAX REPORT FOR 1930

Loss on securities:

Sept 5, 1929 - Bought 3000 shares Standard Brands	96 000 00
April 3,1930 - Sold 3000 shares Standard Brands	74 430 00
Loss	21 570 00

Dividends received:

Jan 3 1930 - Dividend on 3000 shares Standard Brands	1 125 00
April 1 " - Dividend on 3000 shares Standard Brands	1 125 00
	2 250 00

Interest received:

Income from interest during 1930	8 430 22

A record of Coolidge's Standard Brands stock purchase and sale showing a loss of more than 20%. Standard Brands continued to lose much of its value through the 1930s. (Image courtesy of the Vermont Historical Society.)

coming, and sought refuge in consumer goods companies that were likely to be more resilient than other firms. But in the Standard Brands purchase Coolidge may also have been following the advice of his new wealth manager J.P. Morgan, which had facilitated the merger. Friends' advice did not necessarily play out well for Coolidge: he sold the Standard Brands shares in April of 1930 at a loss of more than 20%. The company continued to struggle throughout the next decade. *Time Magazine* reported in March 1940 that the stock had slumped from a Depression-era level of $37 per share to a new low of $5 in late 1939. [2]

Another early Depression investment was in electric utilities, such as the Public Service Corporation of New Jersey; Columbia Gas & Electric; and the Buffalo, Niagara & Eastern Power Corporation, perhaps reflecting a faith in the continued growth of a technology that had enriched so many Americans' lives during his presidency. Around this time, Coolidge's son John went to work for the New York, New Haven & Hartford Railroad.[3] If one wanted to read something into that decision, it was the Coolidge family bet that railroads were a big part of America's future.

It is worth noting that in this post-presidential period Coolidge turned down offers to work, including an approach by Charles Merrill, the founder of Merrill Lynch. The president did not like the idea of working in an area he knew little about, he told Merrill, nor the idea of trading on his presidential credential.[4] But Coolidge did earn money working in an arena he rated his comparative advantage – writing. A handsome 1930s contract with McClure, a large newspaper syndicate, enabled Coolidge and Mrs. Coolidge to buy their first house, the Beeches, in Northampton.[5] In the past, the Coolidges had always rented. (Coolidge, one suspects, didn't like the idea of a mortgage for two reasons: mortgages were debt, and owing money to a bank would render him beholden to the bank.) Sadly, Coolidge did not get many years to enjoy the Beeches and passed away there in January of 1933.

Coolidge's investments post-presidency reflect the man portrayed in this edition of the *Quarterly's* other analyses: a man who did not endorse speculation, and who also did not foresee the magnitude of financial events to come. They also show the human in the man. Among Coolidge's last financial correspondence is an exchange with the College of Agriculture at the University of Vermont seeking advice on improvements to the pasture in Plymouth.[6] CQ

---

[1] Coolidge Family Papers, 1802-1932, Doc. 392. Barre, Vermont: Vermont Historical Society.

[2] "Trade: Pennies from Leaven," *Time Magazine*, March 11, 1940.

[3] "Opportunities Seen for John Coolidge," *New York Times*, September 23, 1928.

[4] Edwin J. Perkins, *Wall Street to Main Street: Charles Merrill and Middle-Class Investors* (Cambridge: Cambridge University Press, 1999), 103.

[5] Amity Shlaes, *Coolidge* (New York: HarperCollins Publishers, 2013), 441.

[6] "Coolidge Family Papers," Doc. 392.

DEAN W. BALL serves as Executive Director of the Calvin Coolidge Presidential Foundation. Prior to the Coolidge Foundation, Dean worked at the Manhattan Institute for Policy Research in New York City where he served as the Deputy Director of the Institute's State and Local Policy Portfolio and Interim Director of the Adam Smith Society. He also managed special projects for MI, including its Hayek Book Prize and Lecture, its engagement with Latin American cities, and a variety of other initiatives.

NOTE FROM THE EDITOR

Is Calvin Coolidge still relevant today? That is the question the *Coolidge Quarterly* seeks to address as we approach the centennial of President Coolidge's inauguration. Considering the changes of the last 100 years, one might think his relevance has faded. But instead consider:

- Coolidge's leadership in Massachusetts during the 1918 Flu outbreak and the civil unrest following the Boston Police Strike.

- Coolidge's ability to deftly connect with everyday Americas through new forms of media such as radio - the social medium of his time.

- Coolidge's masterly leadership on the tough themes of the day: the national debt, the income tax, the role of federalism in the country, government intervention in the economy, a World War I veteran bonus bill (an early form of entitlement spending), trade policy, immigration, and America's international presence.

- Coolidge's determination to protect the individual rights of all Americans, regardless of race, gender, or creed. ("If all men are created equal, that is final," Coolidge said.)

- Coolidge's reverence for America's founding values and the faith he placed in the American people to solve their own problems - without government.

Just as President Coolidge's leadership helped bring the United States to commanding heights during the 1920s, his example can inform and guide America through the 2020s and beyond.

As we enter 2021, the *Coolidge Quarterly* seeks to: highlight Calvin Coolidge's ongoing relevance, show how his example can help America today, and provide novel research and commentary on Coolidge and his times. We believe that Americans of all backgrounds can learn much from our thirtieth president and hope that the *Coolidge Quarterly* will help bring his important lessons to light, a century since their genesis.

Rob Hammer, Editor

SUPPORT COOLIDGE TODAY

Are you a fan of President Coolidge?

Do you want to support our mission?

Visit *www.coolidgefoundation.org/donate/* to support Coolidge in 2021

SPECIAL THANKS

C.C. Borzilleri

George Nash

Paul Rivoche

Jerry Wallace

Craig Wright

Herbert Hoover Presidential Library & Museum

The Vermont Historical Society

Library of Congress

Cover image courtesy of the Library of Congress.

CALVIN COOLIDGE PRESIDENTIAL FOUNDATION

CHAIRMAN
Amity Shlaes

CHIEF FINANCIAL OFFICER
PRESIDENT, COOLIDGE FUND
Matthew Denhart

EXECUTIVE DIRECTOR
Dean W. Ball

PROGRAM DIRECTOR
Rob Hammer

OFFICE ADMINISTRATOR/ ARCHIVIST
John W. Ferrell

DIRECTOR, SPEECH & DEBATE PROGRAM
Jared Rhoads

EXECUTIVE ASSISTANT TO THE CHAIR & RESEARCH ASSOCIATE
William Pettinger

PROGRAM ASSISTANT
Joanna McCool

COOLIDGE QUARTERLY

EDITOR
Rob Hammer

DESIGNER
Brittney Nichole Designs

PRINTER
Red House Press

CALVIN COOLIDGE PRESIDENTIAL FOUNDATION

HOW TO REACH US

Calvin Coolidge Presidential Foundation
P.O. Box 97 | 3780 Route 100A
Plymouth Notch, VT 05056
Phone: 802.672.3389
Email: info@coolidgefoundation.org

Remember Calvin Coolidge

THE FORGOTTEN PRESIDENT

NEW Four-part Video Series

It is time for America to remember Calvin Coolidge as the remarkable president he was. Check out the Coolidge Foundation's new four-part video series, *The Forgotten President*

www.coolidgefoundation.org/video-resources/

Illustration by Paul Rivoche

CALVIN COOLIDGE PRESIDENTIAL FOUNDATION
P.O. Box 97
Plymouth Notch, VT 05056

NONPROFIT
U.S. POSTAGE
PAID
WHT RIV JCT, VT
PERMIT NO. 86